Taft Broadcasting Company 1981 Annual Report

The need for information and the desire for entertainment are universal in human experience. To inform and entertain people, worldwide, is the goal of Taft...A company whose people are diverse in skill and talent, alike in their commitment to excellence. In these pages, you'll meet some of these people.

ABOUT THE COVER

In 1959, Taft moved to one of Cincinnati's oldest neighborhoods, Mt. Auburn, overlooking downtown Cincinnati. The Company then owned broadcast stations in five cities.

Today, Taft reaches across the United States and into foreign countries. Our new headquarters, pictured on the cover, remains in Mt. Auburn. We enjoy being part of this neighborhood and contributing to Cincinnati's stability and growth.

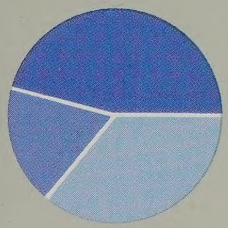
The Year In Brief

(In thousands, except per share amounts)

Years ended March 31, 1981 and 1980	1981	1980	% Increase (Decrease)
Net revenues	$ 239,925	$ 235,946	2%
Operating profit	$ 53,656	$ 59,491	(10%)
Earnings from continuing operations before income taxes	$ 49,459	$ 55,115	(10%)
Earnings from continuing operations	$ 28,359	$ 31,715	(11%)
Net earnings	$ 24,250	$ 31,715	(24%)
Earnings per share from continuing operations	$ 2.90	$ 3.58	(19%)
Net earnings per share	$ 2.48	$ 3.58	(31%)
Average number of shares	9,793	8,913	10%
Dividends per common share	$ .82	$ .73	12%
Book value per common share at year end	$ 25.17	$ 23.37	8%
Total assets	$ 579,124	$ 456,749	27%
Common stockholders' equity	$ 238,799	$ 220,329	8%

Fiscal 1981

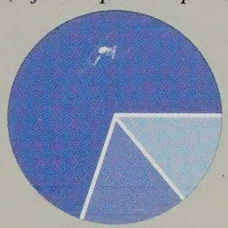
Net Revenues



	% of Total
Broadcast Group	47%
Amusement Park Group	19%
Entertainment Group	34%

Operating Profit

(before corporate expenses and equity earnings (losses), unallocated)



	% of Total
Broadcast Group	70%
Amusement Park Group	16%
Entertainment Group	14%

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Taft is...

a diversified communications and entertainment company.

From its entry into radio in 1939, and television in 1949, Taft has grown to become a major broadcast group. The Company now owns seven television and twelve radio stations.

In 1966, recognizing the growing market for television programming, Taft acquired Hanna-Barbera Productions — its first step in becoming a supplier of software for the communications industry.

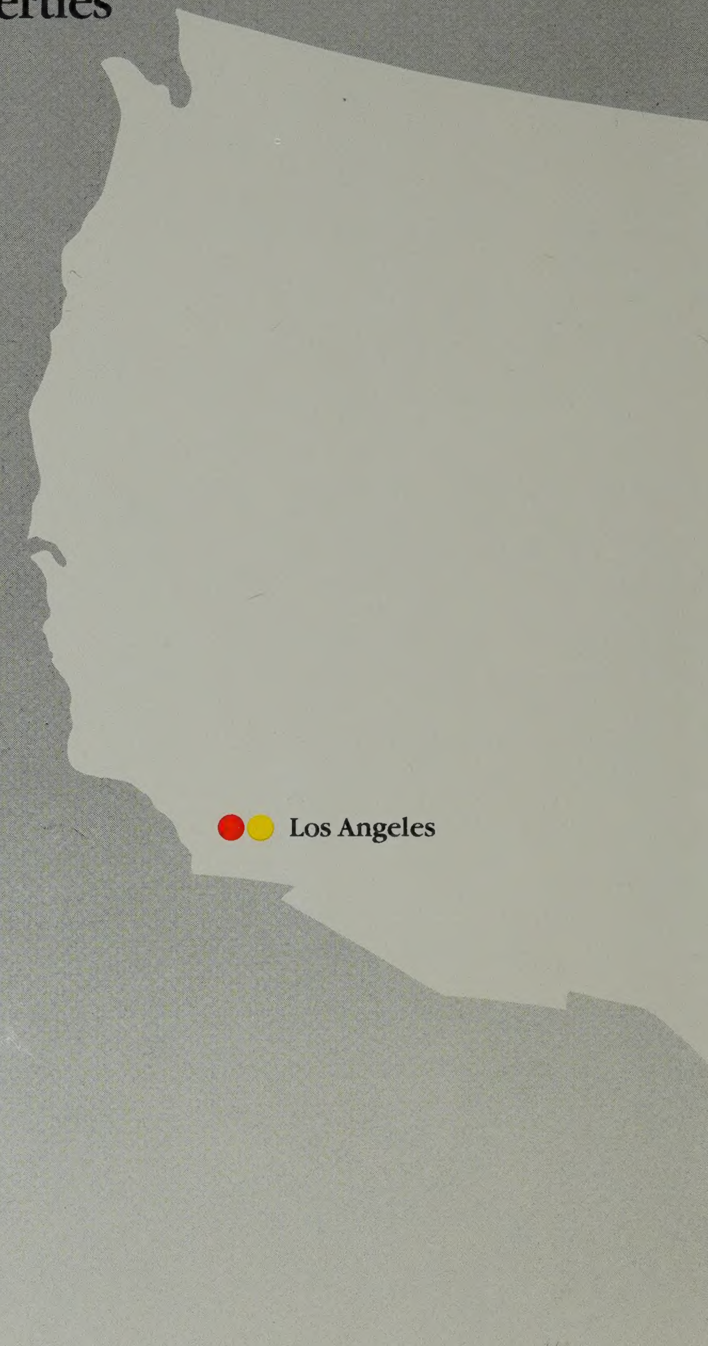
The Company now produces animated and live-action television programs and motion pictures, and distributes television programming worldwide.

In the early 70s, Taft entered the amusement park industry to capitalize on the growing demand for leisure-time activities and the popularity of the Hanna-Barbera characters. Today, Taft operates four theme parks, an oceanarium park and a recreation park.

In partnership with Tele-Communications, Inc., Taft is expanding its horizons into cable television, and continuing to satisfy the long-term demand for in-home and close-to-home entertainment and information.

Taft Broadcasting Company was formed in 1959 through the merger of predecessor corporations. Its common shares were first offered to the public in July of that year. The Company's shares were admitted for trading on the New York Stock Exchange on May 2, 1962, under the symbol TFB.

Operating Properties



Broadcast Group

Television

WBRC	(ABC)	Birmingham
WGR	(NBC)	Buffalo
WKRC	(ABC)	Cincinnati
WTVN	(ABC)	Columbus
WDAF	(NBC)	Kansas City
WTAF	(Ind.)	Philadelphia
WDCA	(Ind.)	Washington, D.C.

AM Radio

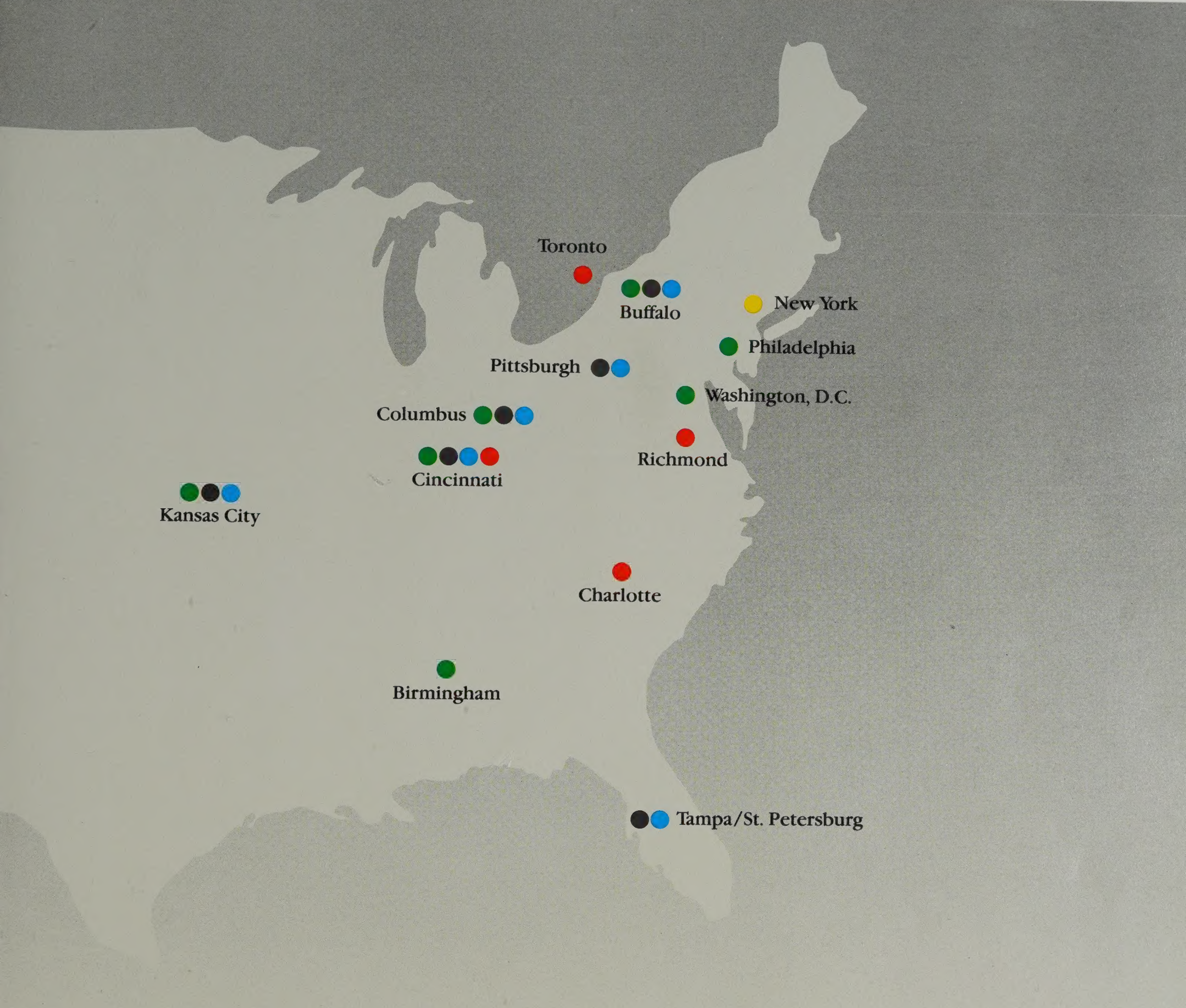
WGR	Buffalo
WKRC	Cincinnati
WTVN	Columbus
WDAF	Kansas City
KQV	Pittsburgh
WDAE	Tampa/ St. Petersburg

FM Radio

WGRQ	Buffalo
WKRQ	Cincinnati
WLVQ	Columbus
KYYS	Kansas City
WDVE	Pittsburgh
WYNF	Tampa/ St. Petersburg

Amusement Park Group

Canada's Wonderland (75% owned)	Toronto
Carowinds	Charlotte
Hanna-Barbera's Marineland (50% owned)	Los Angeles
Kings Dominion	Richmond
Kings Island	Cincinnati
Old Coney	Cincinnati



Entertainment Group

The Taft Entertainment Company — Los Angeles

- Cine Guarantors
- Cinemobile Systems, Inc.
- Hanna-Barbera Productions, Inc.
- QM Productions, Inc.
- Ruby-Spears Enterprises, Inc.
- The Sy Fischer Company, Inc.
- Taft International Pictures, Inc.
- Taft Merchandising Group

Worldvision Enterprises, Inc. — New York

Offices . . . Atlanta
Chicago
Los Angeles
London
Mexico City
Munich
Paris
Rio de Janeiro
Rome
Sydney
Tokyo
Toronto

Other Business Activities

College Football Hall of Fame (Operated by the Company) — Cincinnati

Jack Nicklaus Sports Center (A partnership) — Cincinnati

Kings Island Inn & Meeting Center (A partnership) — Cincinnati

Kings Island Real Estate Company — Cincinnati

Taft-TCI Programs (A partnership) . . . . . Cincinnati

Taft Travel Agency . . . . . Cincinnati

TCI-Taft Cablevision Associates (A partnership) — Denver

Letter to Our Stockholders

Financial Performance

Fiscal 1981 was a year of significant accomplishment for Taft Broadcasting Company, although operating results were disappointing. Net revenues increased to $239.9 million, a Company record, but earnings from continuing operations declined by $3.4 million to $28.4 million, or $2.90 per share. In fiscal 1980, earnings from continuing operations were $31.7 million, or $3.58 per share.

The lower earnings from continuing operations are largely attributable to the effect of the nation's weak economy, particularly severe in some of Taft's markets, on broadcast advertising revenues and amusement park attendance; an actors' strike which delayed and reduced television program production; weak box office results of our theatrical films, and development costs incurred to enlarge the scope of our entertainment activities. We initiated "contingency" budgets to control and reduce expenses during this temporary period of slower revenue growth.

The lower earnings per share from continuing operations also reflect a ten percent increase in the number of common and common equivalent shares used to calculate per share earnings in 1981. The increase in shares resulted primarily from the Company's public offering in February 1980.

As part of the acquisition of Schick Sunn Classic Productions, Inc. last July, we acquired its theatrical film distribution operation. During the year, that business has been unprofitable. We have decided to discontinue this operation because of the high fixed costs of a multiple-office distribution system and the large number of films, either Company produced or acquired, that such a system requires.

Net earnings of $24.3 million include the estimated loss of $4.1 million, or $.42 per share, related to the discontinuance of our theatrical film distribution business. Per share earnings after this non-recurring loss were $2.48.

Highlights of the Year

During fiscal 1981, continuing progress was made in developing Taft as a diversified communications and entertainment company. Each operating group made important progress toward improving its competitive position.

The Broadcast Group continued to make investments to assure excellence in programming and advanced technological capabilities. All seven television stations stress localism, offering programming that reflects the community's interests. As part of our effort to control the rising costs of programming, this year we successfully launched a consortium to produce *Entertainment Tonight*. This daily, live-via-satellite program will cover the events and personalities in the entertainment business. Satellite earth stations have been installed at all Taft television stations. Satellites will be increasingly used for program distribution because of their ability to transmit programming instantly and at a lower cost.

During fiscal 1981, continuing progress was made in developing Taft as a diversified communications and entertainment company.

The Amusement Park Group completed two steps to expand its participation in the theme park industry. The construction of Canada's Wonderland was completed and the park opened successfully in May 1981, following the close of our fiscal year. This park, costing $122 million (Canadian), represents the largest project in the Company's history. Extensive Canadian press coverage, pre-season group sales and the level of corporate sponsorships have been excellent, and provide every indication that our first year attendance estimate of 2.3 million will be fully realized.

During 1981 we acquired full ownership of Kings Dominion and Carowinds, formerly owned by Family Leisure Centers, Inc. (FLC), our 50 percent joint venture with The Kroger Co. In acquiring these parks, Taft issued to Kroger one million shares of Series B preferred stock with a par value of $20 per share. The preferred shares are redeemable over a 12-year period and provide for dividend and principal payments totalling $2.5 million annually.

The Entertainment Group continued to expand as a producer and distributor of programming for the growing video marketplace. Taft International Pictures was formed to add theatrical motion picture production capability to our range of entertainment activities.

We strengthened our position as the leading producer of animated programming for television through the addition of a new production unit. Ruby-Spears Enterprises, the producer of 31 half-hours of network animated programming last season, adds creative and production capacity to our Entertainment Group. The development of live-action television programs was expanded at both QM Productions and Hanna-Barbera Productions. Hanna-Barbera's specials for young people were popular and critical successes and six specials are in development for next season. QM has branched out to develop comedy series pilots, television movies-of-the-week and specials for pay television.

Worldvision Enterprises, purchased in September 1979, has proven to be an excellent acquisition. Worldvision's cash flow since acquisition has already more than returned our investment. The distribution sales of its top-rated network series continue to be strong. *Little House on The Prairie* and *The Love Boat*, already successful in international distribution, are now being sold domestically for telecasting in 1981 and 1983, respectively. This year, Worldvision expanded its distribution activities to include licensing of programs and films to cable systems and other in-home entertainment technologies.

Entry Into Cable Television

We have for some years recognized cable television as a potential market for our programming. We now believe it is time to expand our cable involvement.

This year we formed two partnerships with Tele-Communications, Inc., one of the largest cable companies.

TCI-Taft Cablevision Associates will acquire and operate cable systems. Taft-TCI Programs will develop programming for the basic and pay cable industries. We expect to announce detailed cable programming plans in fiscal 1982.

In April 1981, TCI-Taft Cablevision Associates filed an application for the cable television franchise in Miami, Florida, a market with nearly 150,000 homes. The partnership is also pursuing the acquisition of several smaller cable systems principally in the northeastern United States.

Board of Directors

Margita E. White was elected a member of the Board of Directors in July 1980. As a former member of the Federal Communications Commission, she brings valuable communications experience to the Board. George E. Castrucci, Executive Vice President, Finance and Corporate Staff, and the Company's chief financial officer, has been nominated to the Board, for election at the 1981 Annual Stockholders' Meeting.

Dividends

The Board of Directors raised the quarterly dividend rate by ten percent, from 19 cents per share to 21 cents per share, effective September 14, 1980. This was the fifth increase since 1975 and demonstrates our continued confidence in the strength of the Company's operations.

The Future

The communications and entertainment industries are changing rapidly. We expect that this transition period will continue throughout the 1980s. New video technologies mean increased competition for commercial television, but they also mean increased opportunities for our Company. Our expansion and development has been planned to take advantage of these opportunities. Investments have been made in program and film production and distribution. Investments are planned for the development of cable programming and ownership of cable systems. Not all of these investments will result in immediate profits, but we are confident that they make strategic good sense for the future.

New video technologies ... mean increased opportunities for our Company.

We now have an excellent mix of businesses for the 1980s. We have strengthened our position in businesses which have great potential for continued growth and success. The Company is now moving from a period of external expansion to a period of internal growth. We will stress return on existing investments, allocating resources to those business segments that have the greatest growth potential and disposing of those that do not.

In fiscal 1982, we will continue to face the challenges of high inflation and an uncertain economy. High priority continues to be placed on careful budgeting and detailed planning to cope with these economic problems. We expect improved performance from each of our operating groups this year.

Capital expenditures for fiscal 1982, excluding cable television, are expected to be about $25 million, considerably lower than last year when Canada's Wonderland was under construction.

With the completion of the recent expansion of our businesses and the opening of Canada's Wonderland, long-term debt totalled $135 million at March 31. Common stockholders' equity was $239 million and long-term debt was 34 percent of total capitalization. Our financial condition is sound as we enter fiscal 1982.

A Note of Appreciation

Throughout this report, we have focused on Taft employees. Each one symbolizes an important aspect of our businesses, and each represents hundreds of other employees, doing similar or complementary jobs to put Taft's product on the air, in the theaters or in our theme parks. Their hard work and creativity have been key to Taft's success, and will be the essential ingredients for our future growth. We appreciate the dedication and support of our employees, management and stockholders.

We hope you will attend and participate in the Annual Stockholders' Meeting, to be held at Kings Island at 11 a.m. (EDT) on Tuesday, July 28, 1981.

Charles S. Mechem, Jr.

Charles S. Mechem, Jr.
Chairman of the Board

Dudley S. Taft

Dudley S. Taft
President

Broadcast Group

Television

Outstanding local news and information programming is an essential part of Taft's television strategy for the 1980s. Each of our stations is committed to building a unique local identity that is attractive to the mass audience served by our commercial television stations. Taft stations supplement network programming with popular syndicated shows and expanded local productions covering news, sports and information.

Excellent results of this strategy can be seen at WBRC-TV, Birmingham, which telecasts 29 hours of locally-produced

Norman Arnett, news photographer at WBRC-TV, is part of the team that brings award-winning news programs to Birmingham.

programming weekly, including *The Morning Show,* a ratings winner that has kept Birmingham residents informed and entertained for over 23 years. In fiscal 1981, WBRC had the highest audience shares sign-on to sign-off of any station in the top 50 markets.

Local news shows have been expanded at three of our network affiliates: our Cincinnati, Buffalo and Kansas City stations produce the only one-hour early evening news programs in their markets. Future plans call for one-hour news in Birmingham and Columbus also.

Three Taft stations now carry *PM Magazine,* the highly-rated program which combines syndicated features with locally produced segments. Our Washington, D.C. independent station originates more local children's programming than any other station in that market.

Radio

Taft radio stations are ratings leaders. In three markets, Taft has the top-rated stations: WLVQ-FM and WTVN-AM, number one and two in Columbus, WKRQ-FM and WKRC-AM, ranked first and second in Cincinnati, and WDAF-AM and KYYS-FM, first and second in Kansas City.

Taft stations in other markets have strong ratings; this year, there was significant improvement for WYNF-FM, Tampa/St. Petersburg, one of our newest stations. In January 1981 this station changed formats to "album-oriented rock" from "top 40."

The radio audience is very fragmented, and radio formats are highly defined and specialized. Successful stations reach and

More people listen to Bob Connors on WTVN-AM than to any other morning radio personality in Columbus.

deliver to advertisers a specific audience segment. Taft stations base their programming on audience research, and engage on-air personalities who complement that programming and build large, loyal followings. Audiences are also built by promotions that market our stations to the radio listener.

Programming for Taft AM stations includes four adult contemporary formats (mixing music, news, sports and talk shows), one station with a country music format, and one that is all news. FM stations are programmed with rock music aimed at the younger audience.

Financial Performance

In fiscal 1981, Broadcast net revenues increased ten percent to $112.2 million and represent 47 percent of the Company's total net revenues. Both television and radio contributed to this growth, and both achieved record revenue levels.

Demand for advertising time slackened as the year progressed, due to the recession and the strike-delayed start of the 1980-81 television season. The results for the first two quarters benefitted from the revenues gained from broadcasting the Kansas City Royals baseball games this year and the inclusion of WDCA-TV, purchased in August 1979.

Operating profit for the Broadcast Group declined five percent to $42.4 million. A major effort was made to control costs during this temporary slowdown in revenue gains. This program was successful in holding increases in non-programming expenses below the year's rate of inflation. Commitments to purchase programming are made in advance of current operations and these costs cannot be adjusted as rapidly. In the fourth quarter, overall costs rose nine percent, the lowest quarterly increase during the year.

The sources of television and radio net revenues for 1981 and 1980 are listed in the following chart:

	Year Ended March 31,		
(In thousands)	1981	1980	% Inc. (Dec.)
Television			
Local	$ 35,670	$ 34,134	4%
National & Regional	44,128	37,822	17%
Network	5,499	5,651	(3%)
Total	$ 85,297	$ 77,607	10%
Radio			
Local	$ 19,916	$ 18,966	5%
National & Regional	6,411	5,325	20%
Network	566	367	54%
Total	$ 26,893	$ 24,658	9%
Total Television & Radio	$112,190	$102,265	10%

Television

We remain committed to the highest standards of programming, with continuing emphasis on programming produced by our stations. We continue to invest in the most advanced equipment to maintain our stations' competitive positions.

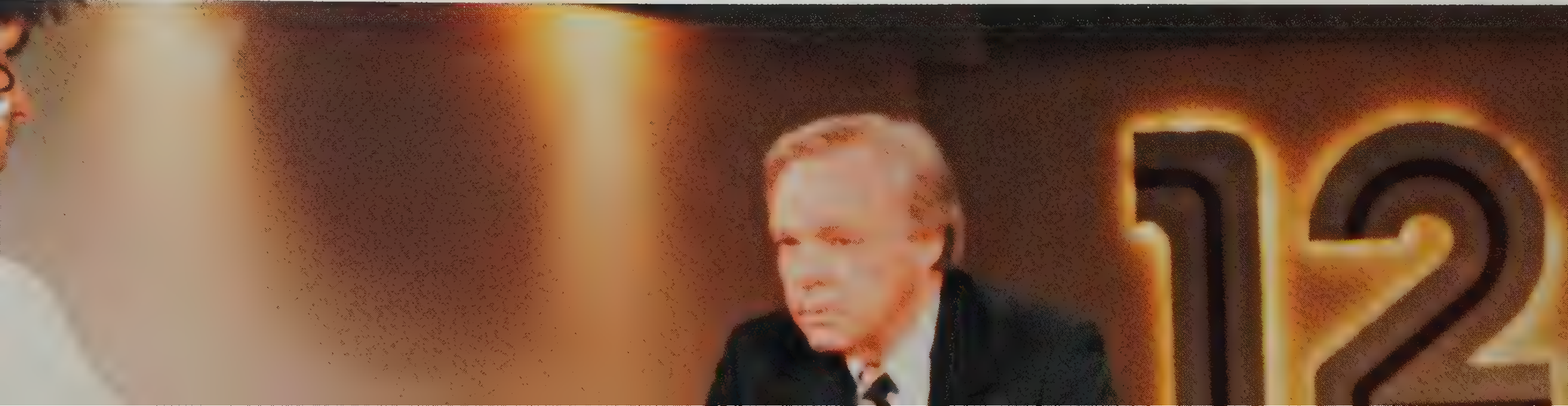
Programming Progress In 1981, Taft joined Paramount Pictures, Cox Broadcasting and TeleRep in a consortium to produce *Entertainment Tonight,* which will be the first syndicated program to be distributed live-via-satellite. It will premiere September 1981, and will be carried by Taft's network affiliates. It has already been sold in 85 markets, representing over 75 percent of the nation's television homes.

Popular sports programming attracts large, loyal audiences. In the first year of telecasting the Kansas City Royals games, WDAF-TV had the highest game-time audience shares of any station carrying major league baseball. This year, WGR-TV renewed its contract to carry games of the popular Buffalo Sabres. WDCA-TV has increased the number of games in its sports programming, which includes the Baltimore Orioles, the Washington Bullets and Capitols, and a variety of college football and basketball games. In Philadelphia, WTAF-TV has television rights to games of the Flyers hockey team.

This year, the Philadelphia and Washington stations added the Independent Network News, carrying it at 10:00 p.m. and 11:30 p.m., respectively, thus providing viewers an option to the traditional network news times.

Technological Advances Installation of satellite-to-earth stations at all our television stations is being completed at this time. In fiscal 1981 these earth stations were in use at WDCA, WTAF and WDAF. Programming formerly carried by the costlier means of telephone lines is received instantly with an improved signal via satellite transmission.

WDCA is constructing a new production facility to be completed in fiscal 1982. Very limited television production facilities exist in the Washington, D.C. area.



This new studio will enable WDCA to compete effectively in commercial production and in fulfilling the demand for specially-produced programming for the U.S. Government.

News gathering equipment has been upgraded at our VHF stations with the addition of RCA's most advanced mini-cameras. Four stations have new digital video manipulation units, capable of producing a variety of special effects. These units will be added at all other stations.

Radio

All Taft radio stations are located in the top 50 markets. Our ownership of AM/FM combinations in the same market enhances operating and advertising sales efficiencies. In fiscal 1981, AM revenues were 61 percent of total radio net revenues, and FM revenues were 39 percent.

Station Progress Fiscal 1981 was the best year ever for the Taft Radio Group. A highlight was the major marketing effort at each radio station. Radio is similar to a consumer product; the intense competition for listeners requires excellent programming, skillfully marketed. Promotional efforts, coordinated with the station's programming format, reinforce the station's image and attract and keep its targeted audience.

Popular sports franchises are a part of the programming at our AM stations. This year, Taft signed a new three year contract to broadcast Ohio State football and basketball games on WTVN-AM. The popularity of Ohio State sports in Columbus guarantees large audiences for these broadcasts. We continue to broadcast the games of the Tampa Bay Bucs on WDAE-AM and the Buffalo Sabres on WGR-AM, both extremely popular teams in their markets.

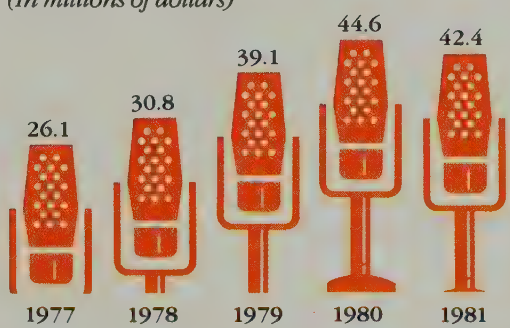
The Columbus studios were enlarged and modernized to meet the growing needs of the FM station, and a new facility was completed to jointly house our Tampa/St. Petersburg stations. The all-new equipment at both locations includes on-air and production audio systems. A new transmitting facility constructed in Pittsburgh enables KQV-AM to reach a larger population.

Our AM stations have the studio equipment to institute stereophonic broadcasting as soon as the transmitter equipment is authorized by the FCC; the Commission's approval is expected in the near future.

Broadcast Group

Operating Profit

(In millions of dollars)



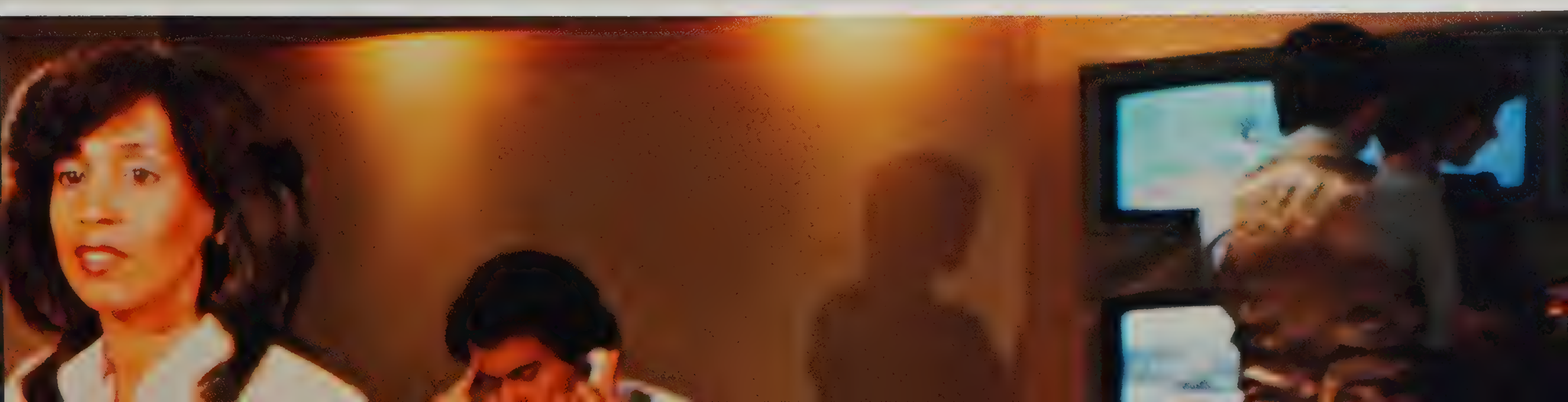
Industry Development Beginning in spring 1981 radio ratings periods were changed to 12 weeks from four. By sampling over the longer period, it is expected that the effects of unusual events during a rating period will be diminished and the result will be more accurate measurement of a station's listeners. This change will have an effect on marketing and programming. Promotions and advertising will need to be structured to maintain their impact over a longer period. Consistently popular programming, the hallmark of our stations, will continue to be the most important ingredient for ratings success.

Outlook

Based on advertising booking reports and a more favorable outlook for the economy, we expect a moderate strengthening in broadcast revenues during the first fiscal quarter of 1982, with this trend continuing as the year progresses. Planned capital expenditures total $7 million, approximately the same level as last year.

We continue to seek opportunities to acquire an additional AM and FM radio station which would bring us to the maximum number allowed by the FCC.

Vicki Yates-Orr, anchor on WKRC-TV's Extra, *is typical of the talented news staff at each Taft station.*



The major achievement of the Amusement Park Group in fiscal 1981 was the completion of Canada's Wonderland, the largest single project in Taft's history. Canada's Wonderland opened successfully in May 1981 and is the first major theme park to be completed outside the United States. It is a unique entertainment experience combining creativity, advanced technology and the experience gained from Taft's other parks.

A 150-foot mountain with a 60-foot waterfall is at the center of the park. From the top of the mountain, visitors have a panoramic view of the 370-acre park site and its five themed areas:

Heather Fraser is one of hundreds of young Canadians who welcome and entertain the visitors at Taft's newest park.

International Festival, International Street, The Medieval Faire, The Happyland of Hanna-Barbera and Grande World Expo of 1890. The development of a sixth area, Frontier Canada, recreating that country's gold rush days, will begin in fiscal 1982.

Canada's Wonderland serves the growing Toronto metropolitan area. There are over four million people within a 50 mile radius of the park and more than nine million within 150 miles. Toronto is also a large tourist market. The nearest competitive park located in the United States is 350 miles away. Attendance of 2.3 million is projected for the park's first season.

Like other Taft parks, Canada's Wonderland represents excellent value for the entertainment dollar. Landscaping and architecture carry out a theme which combines rides, live entertainment, shops and restaurants into an exciting entertainment environment.

Financial Performance

Operating profit for the Amusement Park Group was $9.8 million, 12 percent below the record level achieved in the previous fiscal year. Attendance at each park was adversely affected by the recession which developed as the 1980 park season began.

The market areas of our parks were characterized by a high level of unemployment. This was particularly true for Kings Island, our largest and most profitable park. Three of the states with the highest unemployment levels this past summer were Indiana, Michigan and Ohio — the core of Kings Island's market.

The net revenues, attendance, and per capita spending for each of the parks for 1981 and 1980 are as follows:

(Net Revenues and Attendance in thousands)	*Year Ended March 31,* 1981	1980	% Inc. (Dec.)
Net Revenues:*			
Kings Island	$41,548	$43,449	(4%)
Kings Dominion	25,988	26,267	(1%)
Carowinds	13,884	14,226	(2%)
Hanna-Barbera's Marineland	9,817	8,686	13%
Attendance:	94237		
Kings Island	2,495	2,748	(9%)
Kings Dominion	1,682	1,834	(8%)
Carowinds	1,054	1,101	(4%)
Hanna-Barbera's Marineland	988	1,013	(2%)
Per Capita Spending:			
Kings Island	$ 17.38	$ 16.37	6%
Kings Dominion	15.53	14.34	8%
Carowinds	13.19	13.01	1%
Hanna-Barbera's Marineland	10.14	8.73	16%

*See Management's Discussion, page 37 for explanation of consolidation of Amusement Park Group net revenues.

Growth and Progress

In 1972, Taft opened its first theme park, Kings Island. Today, with the opening of Canada's Wonderland, we are operators of five major parks. Kings Island, Kings Dominion and Carowinds are wholly-owned by the Company and Hanna-Barbera's Marineland and Canada's Wonderland are owned 50 percent and 75 percent, respectively, with others.

During fiscal 1981, we acquired full ownership of Carowinds and Kings Dominion from Family Leisure Centers, Inc., our partnership since 1972 with The Kroger Co. Kroger has decided to leave the amusement park business to concentrate on its primary activity, the food and drug store business.

This transaction provides Taft an opportunity to expand its participation in the amusement park industry. These parks are major entertainment facilities located in large, growing population centers. There are 11 million people living within 150 miles of Kings Dominion and eight million within that distance from Carowinds. Under Taft management, these parks have attracted over 17 million visitors and they represent good, long-term earnings growth potential.

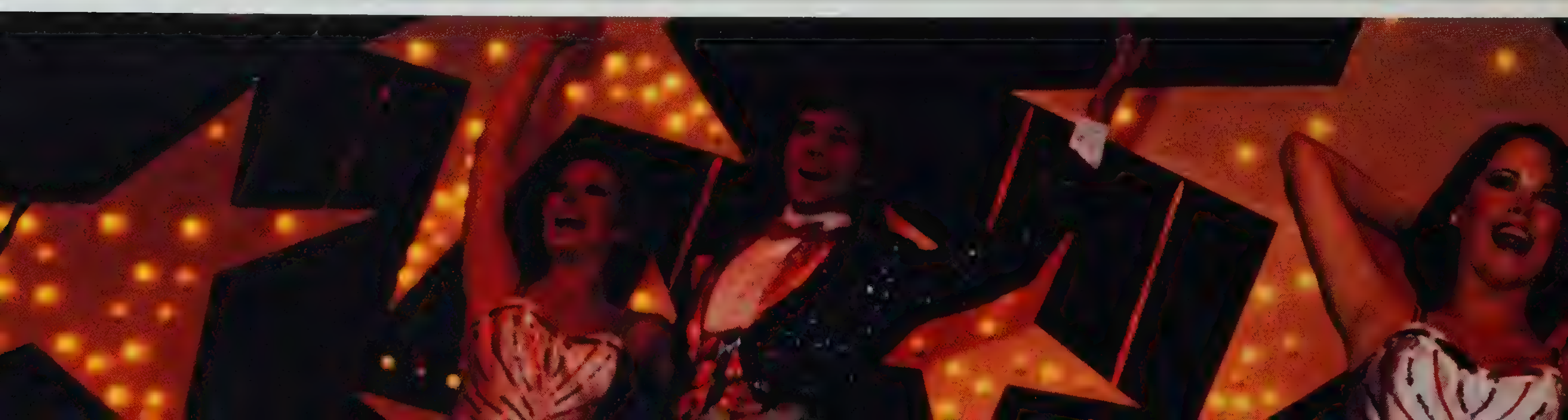
In October 1980, Nelson Schwab, III was appointed Executive Vice President, Amusement Park Group. At that time, the activities of the Property Development Division which he headed were consolidated with the Park Group. The focus of these activities is the development of year-around recreation and lodging facilities on the periphery of the parks.

Quality of Taft Parks

Surveys show that our parks are recognized for their high quality and entertainment value. We are committed to maintaining this quality and appeal of the parks through an ongoing development and beautification program. During the 1970s, this program centered on major new rides and themed areas as each park was developed as a competitive entertainment attraction.

This year's development program centers on increased entertainment and improved physical amenities. Live shows have always been a major attraction at Taft parks and our research shows they are growing in popularity. This year we are increasing our live entertainment with a variety of small "sidewalk shows" that create a festival atmosphere throughout each park. Each year we add to and improve our major musical revues. *Those Magnificent Movies* was created for the opening season at Canada's Wonderland, and exciting new productions of *That's Entertainment* and *Hooray for Hollywood* are at the other Taft parks.

The capital improvement program for this year's park season focused on beautification and guest comforts. Extensive



landscaping programs including gardens and shaded rest areas were completed at Kings Dominion and Carowinds. Many walkways were converted from blacktop to cobblestone-type pavers. International Street at Kings Dominion was redesigned to enhance the old world flavor of its shops and restaurants and to facilitate the flow of patrons through the retail area.

We continue to be an innovator of thrill rides and other major attractions. "The Bat," the first suspended roller coaster in the world, was completed at Kings Island. Added to the highly successful record-setting roller coaster, "The Beast," "The Bat" enhances Kings Island's reputation for one-of-a-kind thrill rides.

Progress on the development of land adjacent to the parks included a new $2.6 million meeting center at the Kings Island Inn to accommodate conventions, seminars, training programs and business meetings on a year-around basis. A permanent tennis stadium is nearing completion at the Jack Nicklaus Sports Center. This will be the home of the nationally televised ATP Championship, a major tournament on the Grand-Prix tennis circuit. A 10,000-seat stadium has been added to the College Football Hall of Fame and is already booked for a variety of regional sporting events.

Marketing Plans

Marketing plans for the 1981 season include continued emphasis on core market attendance through advertising programs targeted within 150 miles of the parks, the source of over 75 percent of our patrons. Continued emphasis will also be placed on group sales, a stable and growing base of attendance, accounting for more than 40 percent of total visitors in fiscal 1981.

Attractive promotional and pricing programs are important in building core market attendance and repeat visitation. We are continuing to test new admission price options. Six different admission programs are being offered at Canada's Wonderland, allowing patrons to choose the package of attractions they prefer. Successful season pass promotions have been instituted at Kings Island, Kings Dominion and Carowinds.

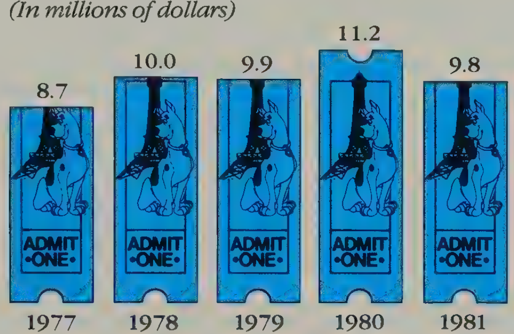
Outlook

We believe the future is bright for the themed amusement park industry, and that parks will receive a significant share of growing entertainment expenditures.

Amusement Park Group

Operating Profit

(In millions of dollars)



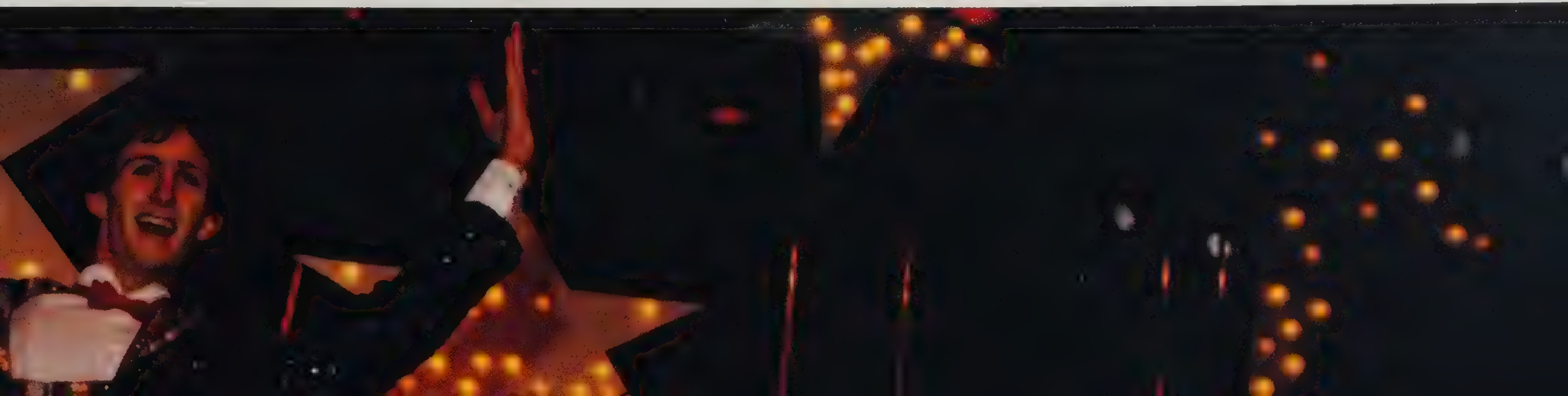
Our parks represent a substantial entertainment value at an affordable price. We expect that these parks will benefit as close-to-home vacation and entertainment choices in a period of escalating travel and vacation costs.

We are committed to an ongoing program of research in order to maintain a mix of entertainment at each park that is most desirable to our patrons. Control of expenses is a high priority to assure growth in profits. Capital projects will be evaluated on their ability to satisfy customer preferences and meet return on investment goals.

There is limited opportunity to develop major new regional theme parks in North America because parks now exist in nearly all major population centers. Foreign markets represent potential for growth. We are analyzing opportunities in foreign countries to capitalize on the expertise our Company has gained in designing, building and managing theme parks. These parks would require limited capital investment on our part.

Capital expenditures in fiscal 1982 will be approximately $15 million. Planned expenditures include construction of the first phase of Frontier Canada, a new theme area at Canada's Wonderland, a white water rapids ride at Carowinds and expansion and renovation of the Happyland of Hanna-Barbera at Kings Island.

Sandra Slaven and Mark Jones are two of the talented singers and dancers who make live shows a top attraction at Taft parks.



Entertainment Group

During fiscal 1981, the Entertainment Group took major steps toward fulfilling our goal to become an important supplier of programming for the entertainment industry. Hanna-Barbera Productions illustrates the variety and breadth of our programming projects. Its activities and those of the other Taft entertainment companies are being expanded and diversified because the demand for programming is rapidly accelerating.

This year Hanna-Barbera continued its leadership in animated production for the networks. In spite of the actors'

Robert Taylor, director of Heidi's Song, *is part of the creative team that keeps Hanna-Barbera a leader in animated programming.*

strike, 109 half-hours of new animated programming were delivered; the Flintstones returned to prime time with a series of specials, and an Operation Prime Time special, *Yogi's First Christmas,* was produced.

Hanna-Barbera also produced two critically-acclaimed live-action specials for young people, *The Gymnast* for ABC and *The Great Gilly Hopkins* for CBS. Live-action specials are being emphasized as an important part of Hanna-Barbera's diversification.

In the latter part of fiscal 1982, *Heidi's Song* will be released to theaters around the world. This internationally-loved classic has been translated to the screen with a fine musical score and a rebirth of full animation. A high degree of creativity, as seen in *Heidi's Song,* is the basis for the enduring success of Hanna-Barbera.

Financial Performance

Operating profit for the Entertainment Group was $8.2 million, 22 percent below the record level achieved the previous fiscal year.

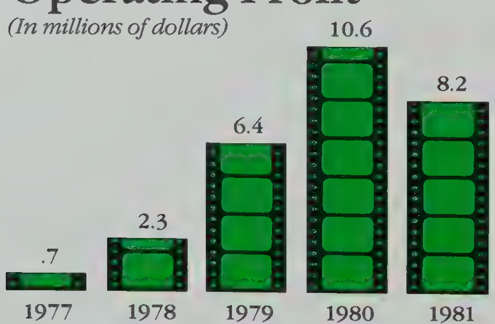
The actors' strike, which lasted three months, reduced production and delivery of animated programs to the networks. Three other factors affect comparisons: the delivery of live-action television programs was higher in fiscal 1980 when two network series, *Barnaby Jones* and *A Man Called Sloane,* were in production; our theatrical films had weak box office results, and we incurred development expenses for our new entertainment companies.

During the last two fiscal years, we moved aggressively to position the Entertainment Group as an important supplier of programming. The cost of this expansion adversely affected earnings this year. However, a base of operations has been formed that has the potential to contribute a significant portion of the Company's future growth.

Entertainment Group

Operating Profit

(In millions of dollars)



The sources of Entertainment Group revenues for 1981 and 1980 are listed in the following chart:

(In thousands)	*Year Ended March 31,* 1981	1980	% Inc. (Dec.)
Production—			
Television			
Network:			
Animation	$18,766	$26,097	(28%)
Live-Action	9,969	28,297	(65%)
Off-Network	24,999	13,687	83%
Theatrical Films	2,755	—	—
Total Production	56,489	68,081	(17%)
Distribution— Television	14,249	8,638	65%
Licensing & Merchandising	2,886	3,181	(9%)
Equipment Rental, Representation Fee and Other	8,508	7,625	12%
Total	$82,132	$87,525	(6%)

Entertainment Group Progress

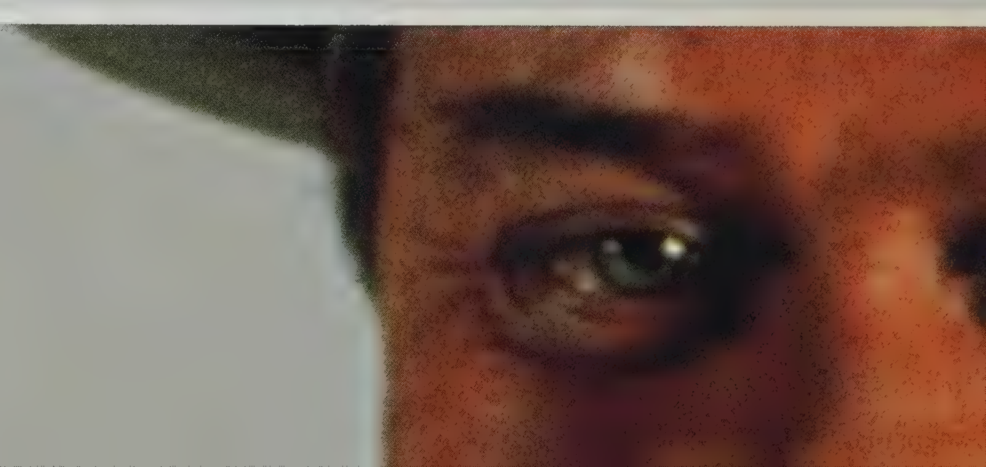
This year, two major divisions were established within the Entertainment Group. The Taft Entertainment Company under the direction of Sy Fischer, President, was formed in September 1980 to consolidate our production-related companies, Hanna-Barbera Productions, QM Productions, Taft International Pictures, Ruby-Spears Enterprises, Cinemobile Systems, Cine Guarantors, The Sy Fischer Company and the Taft Merchandising Group. The other division is our distribution subsidiary, Worldvision Enterprises, headed by Kevin O'Sullivan, President. It is a leading worldwide distributor of television programs and films to television networks, stations, cable systems and other in-home video technologies.

Production The explosion in new video systems, such as cable, subscription television, videocassettes and videodiscs, is producing an ever-expanding market for programming.

The Taft Entertainment Company has three primary goals: to produce high quality and popular programming; to produce programming that can be sold to multiple markets, and to expand the variety of programs produced by our companies.

Animated series continue their popularity on network television. Yogi Bear, Scooby Doo, the Flintstones, Superfriends and other Hanna-Barbera favorites have lasting appeal. The company adds popular new series each year, like last season's *Fonzie and the Happy Days Gang* and *Richie Rich.* Hanna-Barbera is also developing animated shows which appeal to a wider age range. *Rock Odyssey,* a 90-minute animated fantasy about the history of rock music, is in production for prime time on ABC.

Hanna-Barbera is building on its record as a producer of high quality live-action specials. It is developing four one-hour daytime specials for CBS and two specials for NBC's Project Peacock. Future goals include increased production of television motion pictures and additional theatrical films following the completion of *Heidi's Song.*



QM Productions' major objective is to broaden its creative range. It is developing comedy and drama series, television movies and specials with particular emphasis on series pilots for the networks. Two television films are in production for CBS, *Senior Trip* and *Help Wanted, Male.* QM is also developing programming for pay television. This year a series of variety specials filmed around the world was sold to Showtime, ON TV and the Canadian Broadcasting Corporation.

During fiscal 1981, we formed Taft International Pictures to produce theatrical motion pictures and further expand our scope of production activities. In June, we acquired Schick Sunn Classic Productions, producers of *The Life and Times of Grizzly Adams,* as the basis for this motion picture company.

Taft International releases this year included *Hangar 18, Earthbound* and *The President Must Die. The Boogens* was completed for release in summer 1981. Taft International also distributed several films from other producers, including *Bear Island* and *Harry's War.*

Plans call for Taft International to produce from two to four moderate budget theatrical films per year, primarily in the $2 to $5 million range each. The Company is scheduled to produce three motion pictures for television, *The Capture of Grizzly Adams, Whitewater,* and *Nashville Grab.*

Although the expansion of our Entertainment Group through acquisition is substantially completed, we will continue to take advantage of special opportunities to enhance our production capability. This year, we added a new production unit under Joseph Ruby and Kenneth Spears, creators of successful animated television series including *Heathcliff* and *Thundarr.* This will strengthen our position as the leaders in animated programming.

Merchandising Popular characters created by our production companies are sought by manufacturers for use on a variety of consumer products. This is particularly true for the Hanna-Barbera characters whose universal appeal allows them to be marketed worldwide. The Taft Merchandising Group licenses the use of these characters, and others created by Taft companies. More than 500 licenses are in force currently, and the Group's merchandising activities extend into Europe, South America, Australia and the Far East through branch offices and agents.

Distribution — Television The ability to distribute our programming, and that of other producers, to television stations and cable systems both domestically and internationally, is a valuable part of our entertainment enterprise.

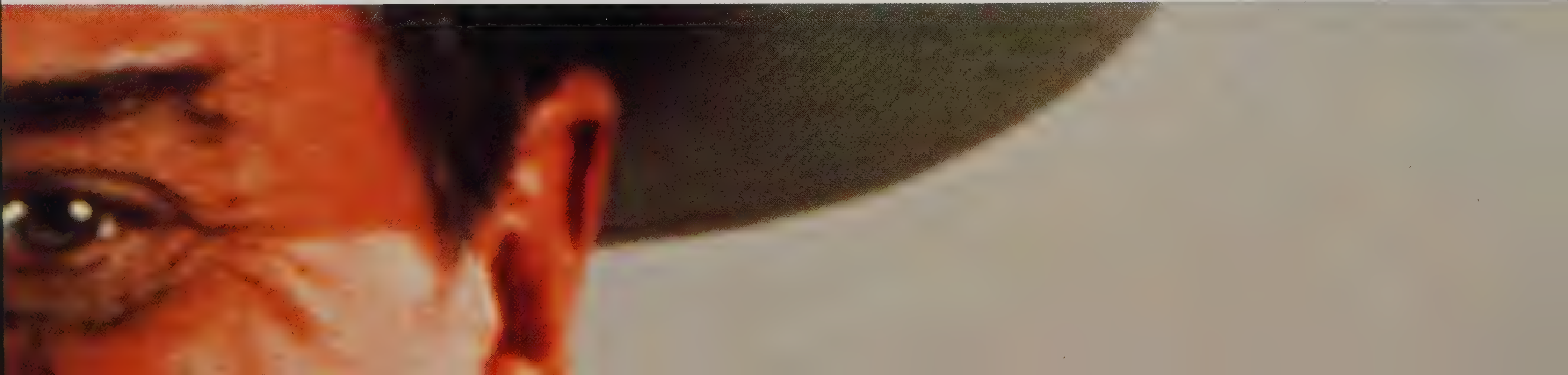
Worldvision has domestic and/or foreign distribution rights to some of television's most popular series. The Company has sold *Dallas* in over 70 foreign markets, *Little House on the Prairie* in over 100, and *The Love Boat* in more than 60. Each was the most popular show on its network during the 1980-81 television season, and each has been renewed for the coming season, guaranteeing additional episodes for future distribution.

Worldvision began domestic distribution of *Barnaby Jones* in September 1980, and is selling *Little House on the Prairie* in domestic markets for telecasting beginning September 1981, and *The Love Boat* for telecasting in 1983.

Worldvision works with independent producers to bring productions of exceptional merit to the television screen; previous achievements have included *Holocaust* and *Freedom Road.* For next season on CBS, Worldvision is partially financing the production of a major motion picture, *Miracle of Love,* the life of actress Patricia Neal. Worldvision will have domestic and international distribution rights to this film.

The in-home entertainment technologies represent a new market for Worldvision, and the company's business activities were expanded this year to include sales to videocassette and videodisc companies.

J.R. Ewing of Dallas *is a familiar face around the world, thanks to Worldvision's international distribution of America's number one hit.*



Cable Television/New Technologies

Cable television originated as a means of bringing television to areas too remote to receive over-the-air transmission. In the last few years, cable systems have proliferated in markets of all sizes. The growth of cable stems from the fact that it can provide a multitude of channels, and therefore viewing options, to television homes. Today, cable penetration is approximately 22 percent of all television homes; industry analysts predict it will reach 50 percent by the end of the decade.

Taft has long recognized that cable television represents a large potential market for programming; this has been a primary reason for the expansion of our entertainment production and distribution activities. This year we took the first step to enter the cable industry as owners of cable systems as well as programmers. In January 1981 we formed two partnerships with Tele-Communications, Inc., (TCI) one of the nation's largest cable systems operators.

TCI-Taft Cablevision Associates was established to acquire and operate cable systems. The partnership has identified three areas in which it is actively seeking franchises: New England, Michigan and south Florida.

The goal of TCI-Taft Cablevision is to have 35,000 to 50,000 subscribers by the end of fiscal 1982, and 200,000 subscribers within three years.

The partnership is currently actively seeking several small systems in the northeastern United States, and has applied for the cable franchise in Miami, Florida, a market with 150,000 television homes.

Opportunities to acquire franchises in large metropolitan markets such as Miami are limited, and more of TCI-Taft Cablevision's activites will involve acquiring existing systems rather than winning major new franchises.

Our other partnership, Taft-TCI Programs, has undertaken a study of a variety of options for cable programming, both advertiser and subscriber supported. The partnership is focusing on how all Taft's resources might be used for cable programming. This includes our production and distribution subsidiaries and our parks through their concerts and live shows. Of particular interest is the possibility of a children's programming service because of our resources through Hanna-Barbera Productions and Ruby-Spears Enterprises. Announcements will be made during fiscal 1982 about our initial programming decisions.

Other New Technologies

New earth stations at all seven Taft television stations will enable our stations to receive programming from satellites. We envision the day when we will also send cable programming or the productions of individual Taft stations via satellite to our stations and those of others, as well as to our, and other, cable systems. Although this "uplink" capacity is not cost justified at the present time, it will be as our program production increases and we develop our cable programming. We are studying the purchase of an uplink and the leasing of transponder time.

Taft also recently explored the possibility of owning low-power television stations. The FCC has authorized these stations, with broadcast ranges typically from ten to fifteen miles, to provide more television service to areas currently underserved.

After careful study, Taft's Broadcast Group applied for a number of low-power licenses in smaller cities. The FCC subsequently imposed a freeze on processing low-power applications. During this freeze, only a few applications meeting very restrictive criteria are likely to be reviewed. It is unlikely that any Taft applications will be granted during this period, but our applications would presumably be eligible if and when the freeze is lifted.

Our activity in this area reflects Taft's interest in, and readiness to pursue, new communications technologies.

Satellite "dishes" will send and receive programming for TCI – Taft Cablevision Associates' cable systems.

Financial Section

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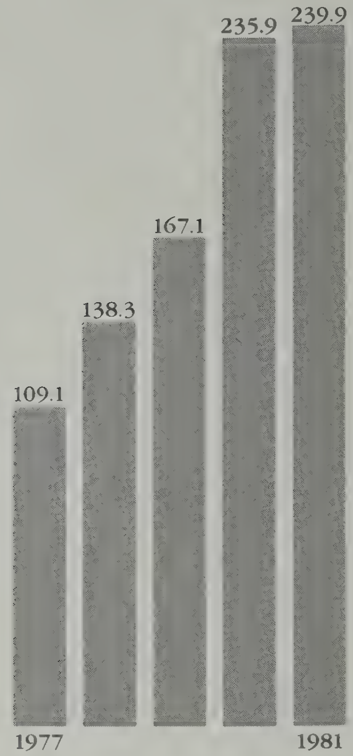
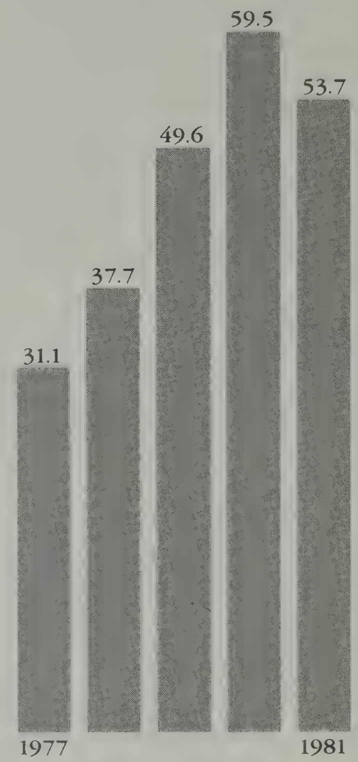
Financial Review
Taft Broadcasting Company and Subsidiaries

Net Revenues
(In millions of dollars)

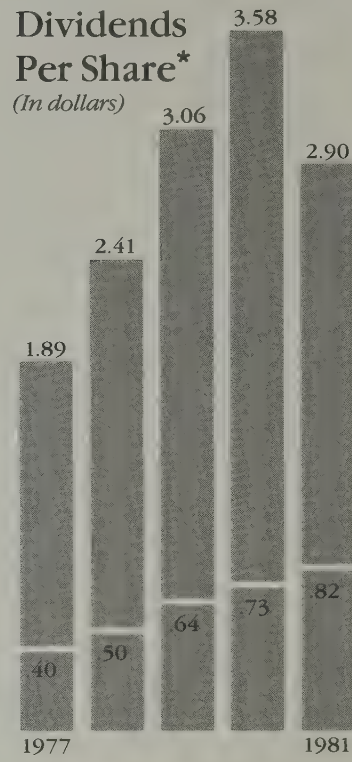


Operating Profit
(In millions of dollars)

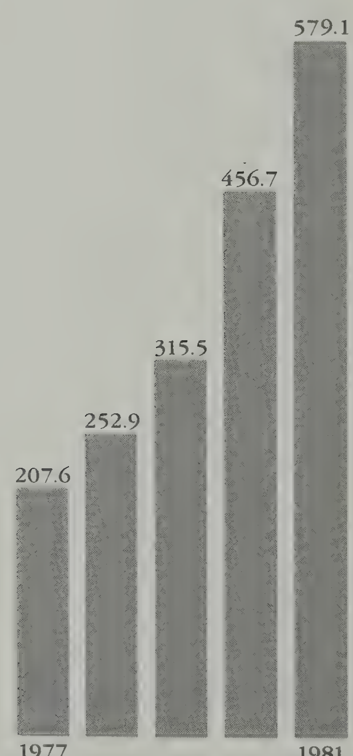


Earnings Per Share*
From Continuing Operations
(In dollars)

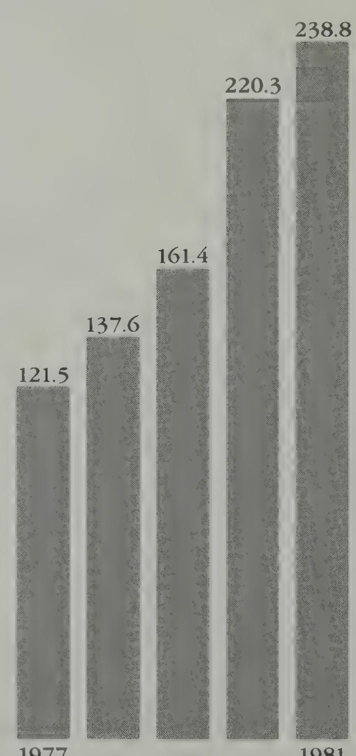
Dividends Per Share*
(In dollars)



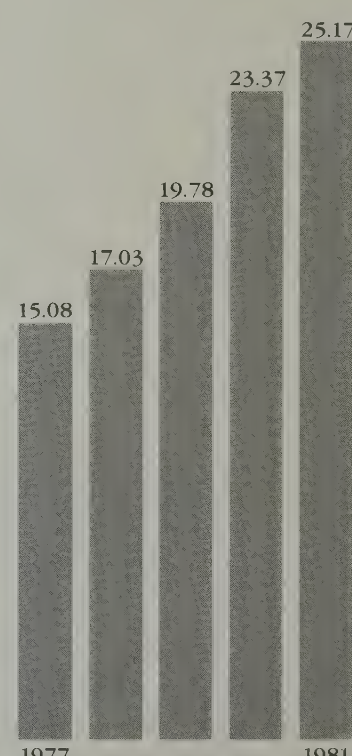
Total Assets
(In millions of dollars)



Common Stockholders' Equity
(In millions of dollars)



Year-end Book Value Per Common Share*
(In dollars)



*Per share amounts have been restated to reflect a stock split in August 1978.

Consolidated Statements of Earnings

Taft Broadcasting Company and Subsidiaries

(In thousands, except per share amounts)

Years ended March 31, 1981, 1980 and 1979	1981	1980	1979
Net revenues:			
Broadcast Group	$112,190	$102,265	$ 82,394
Amusement Park Group	44,228	44,520	38,799
Entertainment Group	82,132	87,525	42,774
Other	1,375	1,636	3,101
Total net revenues	239,925	235,946	167,068
Operating costs and expenses:			
Broadcast, Amusement Park, Entertainment Groups and Other costs	115,179	117,237	69,332
Selling, general and administrative expenses	61,258	49,733	40,565
Depreciation	11,383	9,211	7,478
Total operating costs and expenses	187,820	176,181	117,375
Operating profit before equity in earnings (losses) of partnerships, corporate joint ventures, and others	52,105	59,765	49,693
Equity in earnings (losses) of partnerships, corporate joint ventures, and others, including Family Leisure Centers, Inc. (note 2)	1,551	(274)	(114)
Operating profit	53,656	59,491	49,579
Other income (deductions), net:			
Interest incurred	(13,630)	(9,117)	(4,949)
Less interest capitalized	6,462	1,684	188
Interest expense	(7,168)	(7,433)	(4,761)
Interest income	2,582	2,503	1,985
Unrealized foreign currency translation gain	275	—	95
Miscellaneous, net	114	554	81
Total other	(4,197)	(4,376)	(2,600)
Earnings from continuing operations before income taxes	49,459	55,115	46,979
Income taxes (note 3)	(21,100)	(23,400)	(21,098)
Earnings from continuing operations	28,359	31,715	25,881
Net loss from discontinued operation (note 2)	(4,109)	—	—
Net earnings	$ 24,250	$ 31,715	$ 25,881
Average number of common and common equivalent shares	9,793	8,913	8,513
Earnings per common and common equivalent share from continuing operations	$ 2.90	$ 3.58	$ 3.06
Net earnings per common and common equivalent share	$ 2.48	$ 3.58	$ 3.06

See accompanying Notes to Consolidated Financial Statements.

Consolidated Balance Sheets

Taft Broadcasting Company and Subsidiaries
(In thousands, except share data)

March 31, 1981 and 1980	1981	1980
Assets		
Current assets:		
Cash and temporary cash investments	$ 12,195	$ 28,401
Receivables, less allowance for doubtful accounts (note 4)	56,368	44,019
Television and feature films (note 4)	26,361	23,625
Film contract rights	13,724	13,207
Inventories, at lower of cost or market	6,446	2,058
Prepaid expenses and miscellaneous current assets	12,371	4,718
Total current assets	127,465	116,028
Cash in banks and certificates of deposit	—	3,527
Property and equipment, at cost less accumulated depreciation (notes 4 and 5)	259,640	144,625
Contracts, broadcasting licenses and goodwill, at cost less accumulated amortization (note 2)	61,076	61,977
Investments in and advances to partnerships, corporate joint ventures, and others (note 2)	24,326	51,083
Television and feature films, less current portion (note 4)	52,100	40,273
Film contract rights, less current portion	38,605	28,560
Film license receivables, less current portion	6,816	4,817
Deferred charges and other assets, at cost less accumulated amortization	9,096	5,859
	$579,124	$456,749

See accompanying Notes to Consolidated Financial Statements.

	1981	1980
Liabilities and Stockholders' Equity		
Current liabilities:		
Notes payable (note 5)	$ 13,280	$ —
Long-term debt, current portion (note 5)	2,657	1,859
Accounts payable (note 4)	28,499	18,209
Accrued expenses (note 4)	21,391	16,182
Income taxes (note 3)	13,742	12,020
Film contracts payable, current portion	15,363	14,798
Deferred revenue	16,110	6,638
Total current liabilities	111,042	69,706
Long-term debt, less current portion (note 5)	135,128	106,921
Film contracts payable, less current portion (note 6)	25,429	19,663
Deferred income taxes (note 3)	30,745	24,815
Minority interest	12,781	10,115
Commitments and contingent liabilities (note 7)		
Preferred stock, par value $20 per share; authorized 2,000,000 shares, issued 1,260,000 and 260,000 shares respectively (liquidation value $26,580 at March 31, 1981) (notes 2 and 8)	25,200	5,200
Common stockholders' equity (notes 2, 5 and 9):		
Common stock, par value $.50 per share; authorized 30,000,000 and 10,000,000 shares respectively, issued 9,488,981 and 9,428,627 shares respectively	4,744	4,714
Additional paid-in capital	58,978	56,688
Retained earnings	175,077	158,927
Total common stockholders' equity	238,799	220,329
	$579,124	$456,749

Consolidated Statements of Stockholders' Equity

Taft Broadcasting Company and Subsidiaries

(In thousands, except share data)

Years ended March 31, 1981, 1980 and 1979	1981	1980	1979
Preferred Stock (notes 2 and 8):			
Beginning of period (260,000 shares)	$ 5,200	$ —	$ —
Par value of shares issued in acquisition transactions (1,000,000 shares and 260,000 shares, respectively)	20,000	5,200	—
End of period (1,260,000 shares and 260,000 shares, respectively)	$ 25,200	$ 5,200	$ —
Common Stockholders' Equity (notes 2, 5 and 9):			
Common stock:			
Beginning of period (9,428,627 shares, 8,390,075 shares and 4,157,976 shares, respectively)	$ 4,714	$ 4,195	$ 2,079
Shares issued under stock split (4,165,161 shares)	—	—	2,083
Shares issued under stock bonus plan and stock option plans (60,354 shares, 68,585 shares and 66,938 shares, respectively)	30	34	33
Shares issued in acquisition transaction (298,077 shares)	—	149	—
Shares issued in public offering (523,508, net of treasury shares 234,046)	—	262	—
Shares issued upon conversion of warrants (148,382 shares)	—	74	—
End of period (9,488,981 shares, 9,428,627 shares and 8,390,075 shares, respectively)	4,744	4,714	4,195
Additional paid-in capital:			
Beginning of period	56,688	26,074	25,141
Shares issued under stock split	—	—	(2,083)
Shares issued under stock bonus and stock option plans, including tax benefit on nonqualified options	1,165	954	929
Capital contributed to a subsidiary and investee by other shareholders	1,125	—	2,087
Shares issued in acquisition transaction	—	7,601	—
Shares issued in public offering, net of treasury shares	—	19,933	—
Shares issued upon conversion of warrants	—	2,126	—
End of period	58,978	56,688	26,074
Retained earnings:			
Beginning of period	158,927	133,500	112,817
Net earnings	24,250	31,715	25,881
	183,177	165,215	138,698
Less dividends declared and paid on common stock ($.82 per share in 1981, $.73 per share in 1980 and $.64 per share in 1979)	7,762	6,119	5,198
Less dividends declared and paid on preferred stock	338	169	—
End of period	175,077	158,927	133,500
Treasury stock:			
Beginning of period	—	2,404	2,404
Sale of shares in public offering	—	(2,404)	—
End of period	—	—	2,404
Total Common Stockholders' Equity	$238,799	$220,329	$161,365

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Changes in Financial Position

Taft Broadcasting Company and Subsidiaries

(In thousands)

Years ended March 31, 1981, 1980 and 1979	1981	1980	1979
Sources of working capital:			
Earnings from continuing operations	$ 28,359	$ 31,715	$ 25,881
Charges against earnings not requiring working capital:			
Depreciation	11,383	9,211	7,478
Deferred income taxes	5,930	4,784	3,136
Other non-cash items, net	406	1,791	902
Working capital derived from continuing operations	46,078	47,501	37,397
Working capital used by discontinued operation (note 2)	(3,697)	—	—
Proceeds of public offering (note 9)	—	22,599	—
Acquisition Transactions:			
Investments exchanged in acquisition transactions (note 2)	35,515	—	—
Common and Preferred stock issued (notes 2, 8 and 9)	20,000	12,950	—
Long-term debt issued in connection with acquisitions (notes 2 and 5)	—	24,500	—
Assumption of film contracts payable (notes 2 and 6)	—	10,674	—
Decrease in cash in banks and certificates of deposit	3,527	12,452	—
Increase in film contracts payable, net	5,766	—	2,844
Increase in long-term debt	30,579	22,444	24,136
Investment in subsidiary by minority stockholder	2,666	6,386	5,816
Other	2,158	3,011	864
Decrease in working capital	29,899	—	3,290
	$172,491	$162,517	$ 74,347
Uses of working capital:			
Long-term assets from acquisition transactions:			
Property and equipment	57,376	1,689	5,804
Television and feature films	7,640	8,058	—
Film contract rights	—	11,363	—
Contracts, broadcasting licenses and goodwill	—	25,468	1,792
Other	629	2,173	—
Dividends	8,100	6,288	5,198
Increase in cash in banks and certificates of deposit	—	—	15,979
Additions to property and equipment	70,034	62,078	23,407
Increase in noncurrent television and feature films	4,187	2,797	9,277
Increase in noncurrent film contract rights	10,045	1,833	2,631
Investments in and advances to partnerships, joint ventures and others, net	7,066	2,624	4,237
Reduction of long-term debt, including warrant conversion in 1980 (notes 5 and 9)	2,778	5,560	3,328
Other	4,636	3,010	2,694
Increase in working capital	—	29,576	—
	$172,491	$162,517	$ 74,347
Changes in working capital:			
Increase (decrease) in current assets:			
Cash and temporary cash investments	(16,206)	13,432	(2,230)
Receivables, net	12,349	24,482	2,194
Film contract rights and television and feature films	3,253	6,277	4,654
Prepaid expenses, inventories, and miscellaneous current assets	12,041	(458)	413
	11,437	43,733	5,031
(Increase) decrease in current liabilities:			
Notes payable and long-term debt, current portion	(14,078)	1,142	1,110
Accounts payable, income taxes and accrued expenses	(17,221)	(16,470)	(5,273)
Film contracts payable, current portion	(565)	(8,421)	(1,033)
Deferred revenue	(9,472)	9,592	(3,125)
	(41,336)	(14,157)	(8,321)
Increase (decrease) in working capital	$(29,899)	$ 29,576	$ (3,290)

See accompanying Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

Taft Broadcasting Company and Subsidiaries
(In thousands, except share data)

(1) Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and all of its subsidiaries. All material inter-company amounts are eliminated. Investments in partnerships and other investees are carried on the equity basis.

Film Production

Television and feature films are stated at the lower of amortized cost or market. The current portion of television and feature films includes the unamortized costs of films in release allocated to the primary market, television films in production which are under license agreements to the networks, and amounts allocated to secondary markets estimated to be realizable within one year. Other costs related to film production are classified as noncurrent assets.

The cost of the films produced by the Company and its subsidiaries are amortized by charges to earnings in the proportion that the net revenues received by its production entities bear to the estimated total of such revenues to be received. Estimates of net revenues are reviewed periodically and amortization is adjusted accordingly.

Revenues received from the television networks and off network revenues from films produced by the Company are recorded when the films are available to the licensee for initial exhibition and when certain other conditions are met. Revenues from feature films in theatrical release are recorded as the films are exhibited.

Television Film Distribution

The Company's share of revenues from the distribution of television programs and films is recognized as amounts are billed to the users under the terms of the licensing agreements.

Film Contract Rights

The rights to broadcast non-network programs on the Company's television stations are stated at cost, less amortization. These costs are charged to operations on a straight-line basis over the contract period or on a per showing basis, whichever results in the greater aggregate amortization. The cost of film contract rights estimated to be charged to operations during the next fiscal year has been classified as a current asset.

Inventories

Amusement park inventories are stated at the lower of cost or market using the average cost method.

Property and Equipment

Approximately 83% of the depreciable assets are depreciated on the straight-line method and the remainder on accelerated methods. Depreciable lives are: land improvements, 8-20 years; buildings, 8-33 years; operating and other equipment, 3-20 years; and leasehold improvements, over the life of the lease.

Maintenance, repairs and minor renewals are charged to operations. Additions and betterments are capitalized. Normal retirements or disposals of amusement park assets depreciated using composite rates are removed from the accounts and no gain or loss is recognized. Disposals or retirements of all other property and equipment are eliminated from the accounts and any gain or loss is reflected in the consolidated statement of earnings.

Capitalized Interest

Interest costs incurred on borrowed funds related to the development and construction of property are capitalized in order to properly reflect the cost of capital assets.

Contracts, Broadcasting Licenses and Goodwill

Contracts, broadcasting licenses and goodwill represent the excess of the consideration paid for the purchase of businesses over the amounts assigned to the net identifiable assets acquired. Intangibles arising prior to November 1, 1970, are stated at cost and are not being reduced until such time as a decrease in their value becomes evident. Intangibles, aggregating $27 million at March 31, 1981, related to businesses purchased after October 31, 1970, are stated at cost, less amortization, and are being amortized over periods ranging from 15 to 40 years.

Income Taxes

The provision for income taxes includes the tax effects of revenue and expense transactions included in the determination of financial statement income. Where such transactions are included in the determination of taxable income in a different year, the related tax effects are classified as deferred. Investment tax credits are recognized as reductions of the income tax provision in the period in which the equipment is placed in service or in the case of films in the period in which the films are first exhibited.

Foreign Currency Translation

Property and equipment and deferred charges stated in foreign currencies have been translated into U.S. dollar equivalents at the exchange rates prevailing at the time of acquisition; other assets and liabilities have been translated at the exchange rates prevailing at the translation date. Gains and losses resulting from exchange transactions and translation of foreign currencies have been included in net earnings.

Earnings Per Share

Earnings per common and common equivalent share are computed on the basis of the weighted average number of common shares outstanding during the year, plus the assumed exercise of: all dilutive stock options; warrants during those periods in which the average market price of the Company's Common Stock was in excess of the exercise price for the warrants; and the conversion of the Series A Cumulative Convertible Preferred Shares. Stock options are reflected on the "treasury stock" method, and warrants on the "if converted" method. Fully diluted earnings per share are not set forth separately because the resulting per share amounts would not be materially different from earnings per common and common equivalent share.

(2) Acquisitions and Discontinued Operation

1979

In September 1978, the Company purchased an FM radio station (WYNF) in Tampa-St. Petersburg, Florida for $2,000 cash. The operations of WYNF have been included in the accompanying consolidated financial statements since that date.

1980

In April 1979, the Company concluded the acquisition of an AM radio station and a television film production company. WDAE located in Tampa-St. Petersburg, Florida was purchased for $5,500 cash. The Company purchased an 81% interest in QM Productions for $12,000 cash; the Company purchased the remaining 19% interest in January 1980, for $1,500 cash.

In August 1979, the Company purchased the stock of Channel 20, Incorporated, operator of television station WDCA-TV in Washington, D.C., for $15,500 cash. Although approval from the FCC was received and the transfer of ownership of WDCA-TV to the Company was completed in August 1979, a group opposing the transaction in Washington, D.C., is seeking to have the Commission's approval of the transaction set aside by the Court of Appeals for the District of Columbia Circuit. Should the Court reverse the Commission, the Company could ultimately be required to retransfer the stock of Channel 20, Incorporated, to its former owner, and the Company would, in return, be repaid the $15,500 purchase price.

In September 1979, the Company acquired Worldvision Enterprises, Inc., for 298,077 shares of Common Stock and 260,000 shares of Series A Cumulative Convertible Preferred Stock (valued at approximately $13,000).

1981

During the year the Company acquired, in two separate transactions, two amusement parks which were owned by Family Leisure Centers, Inc., a joint venture corporation in which the Company and The Kroger Co. each had a 50% equity interest. Effective September 2, 1980, the Company exchanged a portion of its stock in Family Leisure Centers, Inc. for the Carowinds park in the Carolinas and thereby reduced its interest in Family Leisure Centers, Inc. to 19%. Effective March 1, 1981 the Company sold its 19% interest in Family Leisure Centers, Inc. to The Kroger Co. and purchased the assets of the Kings Dominion park near Richmond, Virginia. The net purchase price in the Kings Dominion transaction was 1,000,000 shares of the Company's $20 par value Series B Preferred Stock. Prior to this transaction the Company accounted for its 50% interest in the Family Leisure Centers, Inc. parks on the equity method. The total investment in Carowinds and Kings Dominion at March 31, 1981, amounted to $55,778, and consisted of tangible assets.

All of the acquisitions from 1979 through 1981 were accounted for as purchase transactions and the operations of such entities have been included in the accompanying financial statements since the respective dates of acquisition. The excess of the purchase price of the businesses over the fair value of the net tangible assets acquired ($25,468) is included in contracts, broadcasting licenses and goodwill.

Condensed unaudited pro forma results of operations, as though the 1980 acquisitions had taken place on April 1, 1978, and the 1981 amusement park acquisitions had taken place on April 1, 1979, are as follows:

	Year ended March 31,		
	1981	1980	1979
Net revenues	$278,649	$283,879	$219,020
Operating profit	$ 56,197	$ 66,034	$ 55,884
Earnings from continuing operations	$ 29,084	$ 34,594	$ 28,373
Earnings per common and common equivalent share from continuing operations	$ 2.84	$ 3.67	$ 3.19

In June 1980, the Company formed a subsidiary, Taft International Pictures, Inc. This newly formed company acquired the net assets of Schick Sunn Classic Productions, Inc. (Schick Sunn) in July 1980 for $2,500 cash. Schick Sunn was engaged in the production of theatrical motion pictures and television film production and distributed its own theatrical productions through one of its divisions. Taft International Pictures, Inc. attempted to improve the profitability of the distribution division by expanding its theatrical distribution network and actively seeking the films of other producers for distribution. Based upon the high fixed costs required to maintain the multi-office distribution operation, the Company's relatively modest level of theatrical production, the short supply of quality films of other producers which are available for distribution and the poor box office performance of the films in distribution during the year, the Company decided to discontinue the theatrical film distribution business. The Company has entered into an agreement with certain former employees whereby those employees will assume control of the theatrical distribution operation effective May 14, 1981. The net loss for the period from April 1, 1981, through May 14, 1981, has been provided for in the loss on the disposition of the division.

A summary of the net loss from the discontinued operation follows:

Loss from operation of discontinued business (less applicable income tax benefit of $1,256)	$1,474
Estimated loss on disposal of discontinued operation (less applicable income tax benefit of $2,245)	2,635
Net loss from discontinued operation	$4,109

The assets of the discontinued operation included in the accompanying consolidated balance sheet at March 31, 1981, are as follows:

Current Assets:	
Accounts receivable, net	$5,207
Advances to producers	500
Other current assets	39
Total current assets	5,746
Property and equipment, net	244
Other assets	19
Total assets	$6,009

In March 1981, the Company acquired the film inventory of Ruby-Spears Productions for $1,600 cash. Ruby-Spears Productions, a subsidiary of Filmways, was engaged in the production of animated films for the television networks.

The acquisition of the assets of Schick Sunn Classic Productions, Inc. and Ruby-Spears Productions are immaterial in relation to the Company's consolidated financial statements and therefore have not been included in the pro forma results of operations.

(3) Income Taxes

The details of the income tax provision are as follows:

	Year ended March 31,		
	1981	1980	1979
Current:			
Federal	$13,417	$14,002	$15,033
State and local	4,013	4,149	3,303
Total current	17,430	18,151	18,336
Deferred:			
Federal	3,583	4,971	2,680
State and local	87	278	82
Total deferred	3,670	5,249	2,762
	$21,100	$23,400	$21,098

The sources which give rise to deferred income taxes and the effect of each are as follows:

	Year ended March 31,		
	1981	1980	1979
Depreciation of property and equipment	$ 1,667	$ 1,061	$ 975
Amortization of television and feature films	(1,303)	(1,261)	3,179
Advance film rentals	(166)	4,335	(1,559)
Capitalized interest	1,329	523	93
Other	2,143	591	74
	$ 3,670	$ 5,249	$ 2,762

Several of the significant items which give rise to deferred income taxes are related to production and revenue levels of the Entertainment Group. The Company is required to include film rentals, as received, in current taxable income irrespective of the revenue recognition criteria used for financial reporting purposes. Film amortization is a function of revenues and therefore these revenue timing differences result in timing differences in film amortization.

Because deferred income taxes related to film revenue and amortization are dependent upon future revenue and production levels it is impossible to predict with certainty the period in which these deferred income taxes will reverse. Based upon current business levels the Company does not expect the cash outlay for income taxes to substantially exceed income tax expense in any of the succeeding three years.

The principal items comprising the difference in taxes on income computed at the U.S. statutory rate and the amount provided by the Company are as follows:

	Year ended March 31,		
	1981	1980	1979
Computed expected tax expense	$22,751	$25,353	$22,315
Investment tax credit	(3,693)	(5,115)	(2,850)
State and local income taxes	2,214	2,391	1,777
Other	(172)	771	(144)
	$21,100	$23,400	$21,098

The Company's effective tax rate is dependent upon the statutory tax rates of the various taxing authorities, the statutory income allocated thereto, and the qualifying investment in films and equipment. In recent years, the majority of investment tax credits generated by the Company relate to its investment in films which vary with production levels and exhibition dates. The statutory apportionment of income may not be necessarily related to overall profitability.

The Federal income tax returns of the Company and its subsidiaries have been examined by the Internal Revenue Service (IRS) and settled through March 31, 1974. The four years ended March 31, 1978, have been examined by the IRS and adjustments have been proposed. The final resolution of these items is not expected to have a material effect upon the consolidated financial statements.

(4) Supplementary Balance Sheet Information

The composition of receivables at March 31, 1981 and 1980 was as follows:

	1981	1980
Trade	$42,102	$36,325
Current portion of film license agreements	7,769	2,460
Advances to producers	9,013	6,695
Other	2,492	1,321
	61,376	46,801
Less allowance for doubtful accounts	5,008	2,782
	$56,368	$44,019

Television and feature film cost, net of amortization (at the lower of cost or estimated realizable value) at March 31, 1981 and 1980 were comprised of the following:

	1981		1980	
	Current Portion	Non-Current Portion	Current Portion	Non-Current Portion
Theatrical productions:				
Released	$ 4,740	$ 4,059	$ —	$ 2,072
In process and other	587	9,384	—	4,440
Television programs	21,034	38,657	23,625	33,761
	$26,361	$52,100	$23,625	$40,273

The detail of property and equipment at March 31, 1981 and 1980 was as follows:

	1981	1980
Land and improvements	$ 33,839	$ 21,195
Buildings	60,292	53,511
Operating and other equipment	125,697	77,888
Leasehold improvements	1,641	1,395
Installations in progress	108,896	50,769
	330,365	204,758
Less accumulated depreciation	70,725	60,133
	$259,640	$144,625

The composition of accounts payable and accrued expenses at March 31, 1981 and 1980 was as follows:

	1981	1980
Accounts payable:		
Trade	$ 15,037	$ 6,621
Amounts due producers	10,632	10,915
Other	2,830	673
	$ 28,499	$ 18,209
Accrued expenses:		
Wages	$ 3,960	$ 3,455
Interest	2,319	2,038
Other	15,112	10,689
	$ 21,391	$ 16,182

(5) Notes Payable and Long-Term Debt

Long-term debt is summarized as follows:

	Year ended March 31, 1981	1980
Taft Broadcasting Company:		
7¾% notes payable in semi-annual installments of $750	$ 5,545	$ 6,987
8½% notes payable in annual installments of $1,150 commencing on August 1, 1983 through 1994, with a final payment of $1,200 on August 1, 1995	15,000	15,000
8¾% notes payable in annual installments of $1,530 commencing on August 1, 1983 through 1994, with a final payment of $1,640 on August 1, 1995	20,000	20,000
10¼% bank note, payable in twenty consecutive quarterly installments of $775 commencing September 20, 1982	15,500	15,500
10½% notes payable in semi-annual installments of $750 commencing on October 1, 1981	15,000	15,000
Other obligations payable in various monthly or annual installments with interest rates ranging from 6% to 9% at March 31, 1981, secured by property and equipment with a net carrying value of $6,234	6,399	5,313
	77,444	77,800
Consolidated Subsidiaries:		
11% Series A and B Debentures of Canada's Wonderland Limited, payable in annual principal installments commencing September 30, 1985 through September 30, 1999	21,098	7,559
Short-term secured bank lines used for the construction of Canada's Wonderland Limited, to be refinanced through the issuance of the Series A and B Debentures and 11½% First Mortgage Bonds	22,532	6,967
Bank note bearing interest at ¼ of 1% in excess of the bank's prime rate (17¾% at March 31, 1981), with varying principal repayments through April 1, 1984, secured by accounts receivable and film inventory with a net carrying value of $13,207	8,928	9,000
Other obligations payable in various monthly or annual installments with interest rates ranging from 9% to 17% at March 31, 1981, secured by property and equipment with a net carrying value of $9,738	7,783	7,454
	137,785	108,780
Less current portion	2,657	1,859
	$135,128	$106,921

At March 31, 1981, the noncurrent portion of long-term debt due in the four years succeeding March 31, 1982, was approximately $7,661 in 1983; $13,461 in 1984; $11,290 in 1985; and $11,542 in 1986.

Several of the Company's long-term debt agreements contain various restrictions, including restrictions on the payment of dividends (other than stock dividends); on the amounts which may be used for the purchase, redemption or retirement of the Company's stock; and of certain investments. Approximately $13,600 of retained earnings were free of these restrictions at March 31, 1981. The agreements also contain restrictions as to amounts of long and short-term borrowings. At March 31, 1981, the Company's borrowing capacity was $58,500. Further, the Company is required to maintain certain levels of working capital, net worth and current ratios, all as defined in the agreements.

Canada's Wonderland Limited, a 75% owned consolidated subsidiary, has entered into a Debenture and Bond Purchase Agreement which provides for the issuance of a maximum of $20,625 (Canadian) 11% Series A Debentures, $6,875 (Canadian) 11% Series B Debentures, and $24,200 (Canadian) 11½% First Mortgage Bonds. The Series A Debentures are guaranteed by the Company, the Series B Debentures were purchased by the 25% shareholder of Canada's Wonderland Limited, and the First Mortgage Bonds will be secured by the assets of Canada's Wonderland. The Series A and B Debentures mature at the rate of 6⅔% of the original amount per year from September 30, 1985, through September 30, 1999, unless the Company is released from its guarantee, in which event the annual sinking fund payments increase to 8⅓%. The First Mortgage Bonds mature at the rate of 4.8% of the original amount from September 30, 1985, through September 30, 1991, and 8.3% of the original amount from September 30, 1992, through September 30, 1999.

At March 31, 1981, the notes payable to banks had a weighted average interest rate of 18%.

The Company had short-term line of credit arrangements aggregating approximately $16,500, of which approximately $1,000 had been borrowed at March 31, 1981, with interest rates at prime. On $6,500 of the lines, the Company must maintain average compensating balances of 10% of borrowings, plus 5% of any unused line.

The maximum amount of short-term borrowings outstanding during the year ended March 31, 1981, was $13,280 and the approximate weighted average aggregate short-term borrowings outstanding during the year was $4,000. The approximate weighted average interest rate was 16% for the year (calculated using the actual interest cost on short-term loans divided by average short-term debt outstanding).

(6) Film Contracts Payable

At March 31, 1981, the non-current portion of film contracts payable due in the years succeeding March 31, 1982, is approximately $13,696 in 1983; $7,764 in 1984; $3,483 in 1985; and $486 thereafter. The Company is also obligated to make payments under contracts for films not currently available for use and, therefore, not included in the consolidated balance sheets, in the amount of $4,919 at March 31, 1981; the portion of these payments due in succeeding years is $221 in 1982; $815 in 1983; $1,644 in 1984; $1,949 in 1985; and $290 thereafter.

(7) Commitments and Contingent Liabilities

Worldvision has entered into distribution agreements with producers of programming, which agreements provide for guaranteed minimum payments to the producers. These payments are recoupable from the producers' share of distribution revenues. The producers' share of distribution revenues are not reflected in the Company's consolidated statement of earnings. The producers' share of distribution revenues during the year ended March 31, 1981, amounted to $24,130.

Worldvision is committed to make minimum payments to producers in the future aggregating $75,033. The amount of such payments to be made in each of the five years ended March 31, 1986, are: $12,787 in 1982; $9,391 in 1983; $15,969 in 1984; $13,541 in 1985; and $11,745 in 1986.

In those instances where payments are required to be made before Worldvision has collected the license fee from its customers the advance payments are recorded in the consolidated balance sheet as "Advances to producers." No losses are expected to result from the fulfillment of, or from the inability to fulfill such commitments.

The Company had guaranteed borrowings of two affiliated partnerships aggregating $3,730 at March 31, 1981.

The Company and its subsidiaries are involved in litigation arising in the normal course of business, none of which is expected to result in any material loss.

Obligations under lease agreements are not material.

(8) Preferred Stock

The Company issued 260,000 shares of Series A Cumulative Convertible Preferred Stock, par value $20 per share (Series A), in connection with the Worldvision Enterprises, Inc. acquisition. Holders of the Series A shares are entitled to receive cumulative cash dividends, when declared by the Company's Board of Directors, at the rate of 6.5% per annum ($.325 per share per quarter) through September 1, 1984, and 10% per annum ($.50 per share per quarter) thereafter. Upon liquidation or redemption, the holders of Series A shares are entitled to receive par value plus accumulated dividends. The Company may redeem Series A shares after September 12, 1984, and the Company must redeem not less than 20% of such shares within sixty days after the fifth, sixth, seventh, eighth and ninth anniversaries of the date of issue (September 12, 1979). Series A shares are convertible into the common shares of the Company at the rate of 1.82 Series A shares for each share of Common Stock (i.e., the conversion value of the Common Stock is $36.40 per share).

The Company issued 1,000,000 shares of Series B Redeemable Cumulative Preferred Stock, par value $20 per share (Series B), in connection with the Kings Dominion acquisition. Holders of the Series B shares are entitled to receive cumulative cash dividends when declared by the Company's Board of Directors at the rate of 6.9% per annum ($.345 per share per quarter). The Company must redeem all of the Series B shares in varying amounts each year beginning with 56,000 shares on June 1, 1982, and increasing to 118,826 shares on June 1, 1993. The number of shares to be redeemed are 59,864 in 1983; 63,995 in 1984; 69,640 in 1985; and 73,215 in 1986. The Company may redeem additional shares up to an amount equal to the scheduled redemptions at par plus accrued dividends; additional redemptions may be made after June 1, 1986, at a price of $20.88 per share plus accrued dividends. The redemption premium declines to par in 1993. Upon liquidation the holders of Series B shares would be entitled to receive par value plus accrued dividends and a premium ranging from $1.38 per share in 1982 to $.13 in 1992.

(9) Common Stock and Warrants

The Company has two stock option plans for granting options to officers and key employees to purchase the Company's common stock at not less than the market price on the date of grant.

Stock option transactions for the year ended March 31, 1981, are summarized below:

	Number of Shares	
	Under Option	Available For Option
Balance at beginning of year	200,164	44,970
Options granted	12,800	(12,800)
Options exercised	(54,639)	—
Balance at end of year	158,325	32,170

The Company received $815 for the shares purchased under option during the year ended March 31, 1981. At March 31, 1981, 145,525 options were exercisable at option prices ranging from $8.00 to $28.37.

The Company has a stock bonus plan which provides for issuance of a maximum of 40,000 shares of common stock over five years beginning in August 1979. During the year ended March 31, 1981, the Company issued 5,715 shares under this plan.

In February 1980, the Company completed a Public Offering of 825,000 shares of Common Stock. The Company sold 757,554 shares (including 234,046 Treasury shares), realizing net proceeds of $22,599, and issued 67,446 shares upon the exercise of warrants and the surrender of $1,000 principal amount of debt. The net proceeds from the sale of 757,554 shares were applied by the Company to expansion of its three primary lines of business and to improve its working capital position.

In addition to the transaction described above, warrants to purchase 80,936 shares of common stock were exercised in February 1980. $1,200 principal amount of debt was tendered in payment of the exercise price thereof. Warrants to purchase 134,892 shares of the Company's common stock for $14.83 per share were outstanding at March 31, 1981. The warrants can be exercised at any time until they expire in 1986. The exercise price can be paid in cash or by surrender of a portion of the 7¾% notes. The number of shares which may be purchased and the purchase price per share are subject to adjustment under certain circumstances.

At March 31, 1981, shares of common stock were reserved for issuance as follows:

Stock Option Plans	190,495
Stock Bonus Plan	28,976
Warrants	134,892
Acquisition transaction (see notes 2 and 8)	142,857
	497,220

(10) Industry Segments

The Company's industry segments are television and radio broadcasting (the Broadcast Group), amusement park operations (the Amusement Park Group) and television and motion picture production and television distribution (the Entertainment Group).

Net revenues and operating profit for the Company's industry segments for the ten years ended March 31, 1981, are included on pages 40 and 41 within the Ten Year Summary of Operations, such information for the three years ended March 31, 1981, is incorporated herein by reference.

Intersegment sales are not presented because they are not significant. No single customer accounted for 10% or more of the Company's revenues during the fiscal years ended March 31, 1979, and 1981. Film rentals from the NBC Television Network accounted for $27,510, or 11.7% of the Company's revenues during the year ended March 31, 1980. Entertainment Group revenues include film rentals from the three major television networks amounting to $23,516 in 1979, $54,416 in 1980 and $29,733 in 1981.

The breakdown of Broadcast Group net revenues are as follows:

	Year Ended March 31,		
	1981	1980	1979
Television	$ 85,297	$ 77,607	$63,101
Radio	26,893	24,658	19,293
	$112,190	$102,265	$82,394

Foreign revenues were insignificant during the three years ended March 31, 1981. The operation of Canada's Wonderland commencing in the spring of 1981 should generate a significant amount of Canadian revenue. The acquisition of 100% of the former Family Leisure Centers, Inc., amusement parks, together with the opening of Canada's Wonderland will substantially change the relative mix of the Company's net revenues in future periods.

	Year Ended March 31,		
Identifiable Assets:	1981	1980	1979
Broadcast Group	$151,887	$139,047	$ 90,410
Amusement Park Group	234,116	147,934	120,286
Entertainment Group	145,771	113,789	69,836
Other	7,189	7,166	6,785
Corporate	40,161	48,813	28,160
	$579,124	$456,749	$315,477

Identifiable assets include all tangible and intangible assets employed by the industry segment, including investments in joint ventures and partnerships engaged in the conduct of the Group's primary business.

The assets of Canada's Wonderland amounted to $109,250 at March 31, 1981, and $55,640 at March 31, 1980.

	Year Ended March 31,		
Capital Expenditures:	1981	1980	1979
Broadcast Group	$ 6,772	$ 7,494	$ 7,188
Amusement Park Group	111,043	47,028	17,977
Entertainment Group	4,959	3,119	2,452
Other	16	12	1,435
Corporate	4,620	6,114	159
	$127,410	$63,767	$29,211
Depreciation:			
Broadcast Group	$ 4,541	$ 3,469	$ 2,469
Amusement Park Group	5,046	4,568	4,023
Entertainment Group	1,031	719	570
Other	16	8	8
Corporate	749	447	408
	$ 11,383	$ 9,211	$ 7,478

(11) Selected Quarterly Data *(Unaudited)*

The unaudited quarterly results of operations for net revenues, operating profit, net earnings and net earnings per share for the three years ended March 31, 1981, are as follows:

	Net Revenues			Operating Profit		
Quarter	1981	1980	1979	1981	1980	1979
First	$ 55,900	$ 51,988	$ 43,688	$12,813	$13,809	$11,532
Second	81,296	73,851	54,354	24,059	22,602	19,358
Third	57,121	65,118	37,450	12,616	15,023	12,156
Fourth	45,608	44,989	31,576	4,168	8,057	6,533
Year	$239,925	$235,946	$167,068	$53,656	$59,491	$49,579

	Net Earnings			Net Earnings per Share		
Quarter	1981	1980	1979	1981	1980	1979
First	$ 6,323	$ 7,023	$ 5,978	$ .65	$ .83	$ .71
Second	13,047	12,149	9,995	1.33	1.40	1.18
Third	6,949	7,864	6,339	.71	.87	.75
Fourth	(2,069)**	4,679	3,569	(.21)**	.50	.42
Year	$24,250	$31,715	$25,881	$2.48	$3.58*	$3.06

*The sum of the quarterly earnings per share does not equal the earnings per share computed on a year-to-date basis due to the effect of the timing of issuance of common stock on the weighted average number of common shares outstanding used in the computations of quarterly and of year-to-date earnings per share.

**The Net Earnings and Net Earnings per Share amounts for the fourth fiscal quarter of 1981 include a loss from discontinued operation of $4,109 and $.42 per share, respectively.

The primary operating season of the amusement parks takes place in the late spring and summer. The parks also operate on weekends only in the early spring and fall. Revenues are reported as earned and variable costs (such as payroll of seasonal employees) are charged to expense when incurred. Indirect costs, interest and depreciation are charged to operations based on operating days. The operating profit from park operations in the second fiscal quarter historically represents approximately 90% of full fiscal year operating profit.

The financial results of the Entertainment Group are seasonal. The Company's television production operations recognize revenue from film exhibition contracts upon delivery of the program for network sales and upon availability for off network program sales. Most network programs are delivered in the second and third fiscal quarters and the majority of off network sales agreements provide for second and third quarter availabilities. The actors' strike delayed the normal delivery schedules approximately one quarter during fiscal 1981.

Market prices of the Company's common stock for the three fiscal years ended March 31, 1981, are as follows:

	1981		1980		1979	
Quarter	High	Low	High	Low	High	Low
First	$31.75	$25.38	$23.75	$20.00	$22.50	$17.44
Second	33.50	27.25	32.00	22.50	25.19	18.75
Third	34.00	24.25	35.00	27.63	25.25	17.50
Fourth	30.38	24.75	35.25	26.75	23.13	18.25

The closing price of the Company's common stock on March 31, 1981, was $27.25. The Company's common stock is traded on the New York Stock Exchange under the symbol TFB.

(12) Supplemental Information On The Effects of Changing Prices *(Unaudited)*

The supplementary information that appears in the following tables has been prepared in accordance with the requirements of Financial Accounting Standards Board (FASB) Statement No. 33. Two methods of adjusting earnings for the effects of inflation are presented. One "constant dollars" adjusts for general inflation while the other "current costs" adjusts for inflationary factors specifically associated with the property and equipment employed in the Company's businesses.

This supplementary information is experimental. The two methods used to develop the inflation adjusted earnings involve the use of assumptions, approximations and estimates. Therefore this data is not necessarily comparable to similar information published by other enterprises. Neither of these inflation-accounting methods includes all the adjustments that are likely to occur over the long term. For example, no income tax reduction has been included for the higher costs that are assumed in the data presented; nor has the potential for any price increases been effected. The Company believes it is important to recognize that the supplementary information does not purport to represent appraisal value or the underlying value of net assets.

The constant dollar method adjusts the historical dollars recorded for actual transactions which took place at different times so that these transactions are presented in dollars which represent the same general purchasing power. The adjustment to reflect equivalent purchasing power is made by the application of the Consumer Price Index for All Urban Consumers. This broad based measure is not necessarily representative of the specific impact of inflation on the Company.

The current cost method reflects the changes in specific costs of the Company's property and equipment from the respective dates of acquisition to the present. The objective is to match the estimated current costs (replacement cost) of the assets actually used in the Company's operations against the current revenues. The current costs differ from the constant dollar amounts to the extent that the specific costs have increased more or less rapidly than general inflation. The Company's investment in television and feature films has been included in the current cost data on a constant dollar basis because there is no meaningful way to calculate current costs of film productions.

A supplementary Statement of Earnings from continuing operations adjusted for changing prices for the year ended March 31, 1981, is as follows:

	Historical Dollars	Constant Dollars	Current Costs
Net revenues	$239,925	$239,925	$239,925
Operating costs and expenses	115,179	121,227	121,227
Selling, general and administrative expenses	61,258	61,258	61,258
Depreciation	11,383	16,418	19,878
Total operating costs and expenses	187,820	198,903	202,363
Other (deductions), net	(2,646)	(2,646)	(2,716)
Earnings from continuing operations before taxes	49,459	38,376	34,846
Income taxes	(21,100)	(21,100)	(21,100)
Earnings from continuing operations	$ 28,359	$ 17,276	$ 13,746

No adjustment has been made to the historical costs of merchandise and food inventories in the Amusement Park Group and residential development costs because the amounts are immaterial.

At March 31, 1981, current cost of property and equipment, net of accumulated depreciation, was $334,990 (historical cost $259,640).

The following is a Five-Year Comparison of selected supplementary financial data adjusted for effects of inflation (in average fiscal 1981 dollars):

	Year Ended March 31,				
	1981	1980	1979	1978	1977
Net revenues	$239,925	$266,117	$211,692	$190,114	$159,952
Historical cost information adjusted for general inflation:					
Earnings from continuing operations	17,276	27,633			
Earnings from continuing operations per common share	1.77	3.12			
Net assets at year end	319,287	303,102			
Current cost information:					
Earnings from continuing operations	13,746	23,712			
Earnings from continuing operations per common share	1.41	2.68			
Excess of increase in the general price level over increase in specific prices	3,944	6,100			
Net assets at year end	351,413	333,906			
Gain from decline in purchasing power of net amounts owed (paying debt off in cheaper dollars)	17,467	15,542			
Cash dividends declared per common share adjusted for inflation	.82	.82	.81	.69	.59
Market price per common share at year end adjusted for inflation	26.07	28.55	25.47	24.22	20.63
Average consumer price index	253.6	224.8	200.1	184.4	172.9

The Company's television and feature film library is recorded at the lower of cost or market on an individual film or series basis. The foregoing supplementary data merely adjusted this historical data for the effect of inflation. This valuation method results in a carrying value that can be significantly different from the actual revenue producing capability of the film library. Many of the most successful Hanna-Barbera series such as the original episodes of the Flintstones, Yogi Bear and other favorites are recorded in the balance sheet at nominal amounts even though they continue to generate significant revenues. The accounting methods also produce similar results with respect to live-action films and series.

The historical costs of the Company's intangible assets bear little relationship to current costs or value. The cost of acquiring broadcast properties has risen dramatically in the last decade but the increase in value of the Company's stations has not been reflected in the historical cost financial statements. For example, the intangible assets recorded in the Company's balance sheet for all of the broadcast properties in Ohio (TV, AM and FM stations in Cincinnati and Columbus) amount to less than $1,000 and the amount so recorded for the Company's UHF station in Philadelphia is less than $3,000.

Management Report

The financial reporting process begins with the preparation of financial records. Management has developed and maintains a strong system of internal accounting controls in order to fulfill its responsibility in this area. Although there are inherent limitations in any control system and controls can be circumvented, management believes the controls in use provide reasonable assurance that important assets are safeguarded and that financial records provide a reliable basis for the preparation of financial statements. This system of internal accounting control is supported by the careful selection and training of qualified personnel and by a program of internal audits.

The information recorded in the financial records must be presented in financial statements prepared in accordance with generally accepted accounting principles. Management's judgments play an important role in this presentation. Where alternative accounting principles are available, management must decide which of these principles is most appropriate under the circumstances. The financial statements also include significant amounts which are based on management's estimate of future events.

The Board of Directors, through the Audit Committee, monitors management's performance in fulfilling its duties with respect to the preparation of financial statements. The Audit Committee, which is composed of outside directors, meets with management, the internal auditors and the independent certified public accountants in carrying out its responsibilities. The Company's accounting policies, the scope of the audit effort (both internal and external), and any recommendations the auditors have for improvements in internal accounting controls are reviewed by the Audit Committee at these meetings. The independent certified public accountants and the internal auditors are given free access to the Audit Committee and regularly confer with the Committee without representatives of management present. The Audit Committee also reviews the nature of the non-audit services to be performed by our independent accounting firm and the fees for such services. The Board of Directors, on the recommendation of the Audit Committee, and in accordance with stockholder approval, engages our independent certified public accountants.

Accountants' Report

Peat, Marwick, Mitchell & Co.
Certified Public Accountants

The Stockholders and Board of Directors
Taft Broadcasting Company:

We have examined the consolidated balance sheets of Taft Broadcasting Company and subsidiaries as of March 31, 1981 and 1980 and the related consolidated statements of earnings, stockholders' equity and changes in financial position for each of the years in the three year period ended March 31, 1981. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned consolidated financial statements present fairly the financial position of Taft Broadcasting Company and subsidiaries at March 31, 1981 and 1980 and the results of its operations and the changes in its financial position for each of the years in the three year period ended March 31, 1981, in conformity with generally accepted accounting principles applied on a consistent basis.

Peat, Marwick, Mitchell & Co.

Cincinnati, Ohio
May 13, 1981

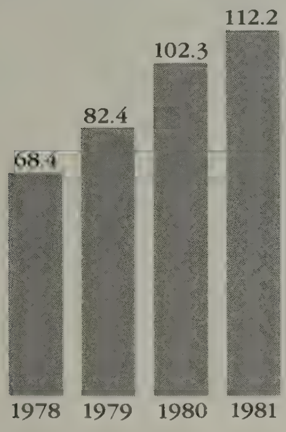
Management's Discussion and Analysis of Financial Information

(In thousands of dollars)

Summary of Operations

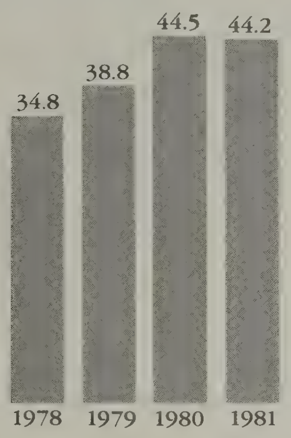
Broadcast Group

Revenues
(In millions of dollars)



Amusement Park Group

Revenues
(In millions of dollars)



The substantial increases in revenues in 1979 and 1980 were attributable to a strong demand for advertising time from national and local advertisers; the emergence of FM radio and UHF-TV as viable competitors in the industry; improved local ratings; and in 1980 the acquisition of WDAE-AM and WDCA-TV. In 1980 the acquisitions including the first full year of operations for WYNF-FM accounted for approximately one-third of the increase in revenues. The moderation of the growth of revenues in 1981 reflects general economic conditions which softened the demand for advertising time particularly with respect to local advertisers. Advertising demand from automobile dealerships and businesses related to the housing industry including financial institutions was especially soft.

Costs and Expenses

Broadcast expenses increased 15% in 1979, 33% in 1980 and 21% in 1981. These expense increases reflect increased costs of purchased programs, expansion of news and sports programming, increased sales costs attributable to revenue increases, the effect of general inflation on other costs and in 1980 the expenses of the acquired stations, which expenses accounted for approximately one-half of the increase for the year.

Amusement Park revenues include the revenues of Kings Island and Old Coney in 1979 and 1980, and in 1981 include Kings Island, Old Coney and Carowinds from the date it became wholly owned by the Company (September 2, 1980). Kings Dominion and Carowinds, the former joint venture parks, were carried on the equity basis through the respective dates of acquisition. In the future, revenues will include Kings Island, Canada's Wonderland (which opened May 2, 1981), Kings Dominion (which became wholly owned on March 1, 1981) Carowinds and Old Coney.

The primary variables affecting revenues of the amusement parks are attendance and per capita spending. Attendance is affected by economic and competitive conditions and per capita spending is affected by economic conditions and the expansion of revenue producing facilities in the parks. The increase in revenues in 1979 and 1980 was attributable to both an increase in attendance and an increase in per capita spending at Kings Island. The slight decline in revenue in 1981 is the net effect of a decline in attendance, an increase in per capita spending at Kings Island and the inclusion of the revenues of Carowinds from September 2 to the end of the operating season. The decrease in attendance reflects the unfavorable economic conditions in Kings Island's primary market.

The Company now owns 100% of Kings Dominion and Carowinds. Consolidated Amusement Park revenues for each of the last three fiscal years on a pro forma basis would be \$75,529 for 1979, \$85,013 for 1980 and \$82,952 for 1981. The increase in pro forma revenues for 1980 reflects increased attendance at Kings Island and Carowinds and increases in per capita spending at each of the parks. The decrease in 1981 reflects attendance declines at Kings Island, Kings Dominion and Carowinds partially offset by increases in per capita spending. The attendance declines at Kings Dominion and Carowinds reflect a weak economy as well as intense competition in the Kings Dominion market area.

Costs and Expenses

The increase in operating costs and expenses for each of the years is attributable to expanded facilities, increasing volume of business in 1979 and 1980 and the effects of general inflation.

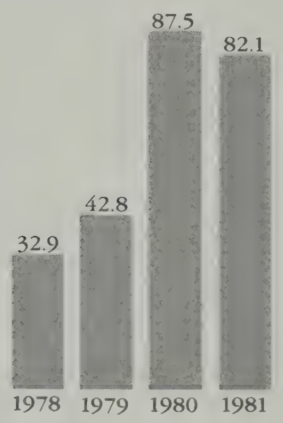
Operating Profit

The Kings Dominion and Carowinds parks were formerly owned by Family Leisure Centers, Inc., a joint venture corporation in which the Company and The Kroger Co. each had a 50% equity interest. Accordingly, the results of Family Leisure Centers, Inc. have been included on an equity basis through the primary operating season of the parks for fiscal 1981. In 1979, the operating profit decrease was attributable to a decline in the profitability of the joint venture parks. In 1980 the loss of the joint venture operations (which includes Hanna-Barbera's Marineland) increased primarily because of increased interest expenses resulting from higher average borrowings and higher interest rates. In 1981, the decline in operating results of the Family Leisure Centers, Inc. parks was offset by the utilization of investment tax credit carryforwards.

Entertainment Group

Revenues

(In millions of dollars)



The primary revenue sources of the Entertainment Group include: television network revenues from live action and animated programs; off network distribution (both foreign and domestic) of programs originally produced for the network, distribution revenues of the Company's television distribution operation and merchandise and licensing revenues. The 30% increase in 1979 reflected record levels of production of animated children's programs for Saturday morning network television and a sharp increase in domestic and foreign film distribution revenues partially offset by a decrease in revenues from prime time network series. $37,100 or 83% of the 105% increase in 1980 revenues is attributable to the acquisition of QM Productions and Worldvision Enterprises, Inc. The remaining increase in net revenues is attributable to increases in network and distribution revenues of Hanna-Barbera Productions, Inc. The decrease in revenues in 1981 is attributable to several factors: the absence of prime time live action series, the decline in network revenues for animated programs which decline is the result of an industry-wide actors strike, a decline in the production entity's share of foreign distribution revenues of animated programs and a decrease in merchandising and licensing revenues; partially offset by increases in domestic distribution revenues for animated product, an increase in revenues from the Company's television distribution activities (resulting from volume increases and the inclusion of Worldvision Enterprises, Inc. for a full fiscal year) and the inclusion of revenues from the production division of the Company's theatrical film production unit.

Costs and Expenses

Costs and expenses from continuing operations increased 20% in 1979, 112% in 1980 and decreased 4% in 1981. The principal cost of the Company's production entities is the amortization of film costs. These film costs are amortized based upon the relationship of estimated total revenues to total cost. Amortization rates vary with the type of program, its audience appeal or acceptance and in the case of off network distribution of network programs, the past revenue history of the program. Therefore, the mix of revenues affects the overall cost ratios. In 1979, the cost increase was a result of an increase in the volume of animated production partially offset by a decline in prime time live action production. In 1980, costs increased because of acquisitions and the increase in volume of prime time and animated series production. In 1981, the decrease in expenses reflects volume decreases partially offset by the costs of theatrical motion picture production, development costs at the Company's live action television production entities and the inclusion of a full year's operating expenses for Worldvision Enterprises, Inc.

Other Income (Deductions), Net

The increase in interest expense in 1979 and 1980 reflects increases in the average amounts borrowed. These increases in borrowings were related to acquisitions, investments in joint ventures and capital expenditures. The slight decrease in interest expense in 1981 reflects the capitalization of interest in connection with the construction of Canada's Wonderland, the amusement park near Toronto. Interest capitalized in connection with this project amounted to approximately $1,700 in 1980 and $6,500 in 1981. The increase in interest income in 1980 and 1981 reflects a higher average investment in short term marketable securities and higher yields.

Income Taxes

The primary variable affecting the income tax rate is the amount of investment tax credits related to investment in films and equipment. In 1978, the rate was favorably affected by a settlement of a claim for refunds relating to long-standing investment tax credit issues. In 1980, the rate was favorably affected by the volume of film production and the decrease in the statutory rate for Federal income taxes. In 1981, a decrease in the level of investment tax credits was offset by a decrease in pretax earnings.

Discontinued Operation

Based upon the high fixed costs required to maintain a multi-office theatrical distribution operation, projected production levels of the Company's theatrical film operations, the availability of other producers' films for distribution and the poor box office performance of the theatrical films in distribution, the Company decided to dispose of this segment of its business. A Summary of the Net Loss from discontinued operations is as follows:

Loss from operation of discontinued business (less applicable income tax benefit of $1,256)	$1,474
Estimated net loss on disposal of discontinued operation (less applicable income tax benefit of $2,245)	2,635
	$ 4,109

Impact of Inflation on the Results of Operations

The information on the effects of changing prices in note 12 of the Notes to Consolidated Financial Statements appearing on pages 34 and 35 is incorporated herein by reference.

Capital Resources and Liquidity

The Company's balance sheet has changed substantially over the last three years. At the beginning of 1979 total assets amounted to approximately $253,000; at the end of fiscal 1981 total assets amounted to over $575,000. This growth is attributable to internal expansion of our existing businesses and to acquisitions. The Company has generated the funds needed to finance this growth from several sources: internally generated working capital; the issuance of equity securities in acquisitions (the Worldvision acquisition in 1980 and the Kings Dominion acquisition in 1981); a public offering of common stock in 1980; and private debt placements. In addition, certain significant assets, film contract rights of our broadcast properties and network television films are to a large degree self financing. Film contract rights are generally acquired through long-term agreements which provide for payments over a three to five year period. In the case of network television films, the network generally advances a substantial portion of the cost of the film to the producer. The remaining investment is recouped from the off network distribution of the films.

The Ten Year Review of Financial Position appearing on pages 42 and 43 discloses the major productive assets of the Company and the principal sources and uses of funds. The increase in property and equipment from 1979 to the present is primarily attributable to the construction of Canada's Wonderland and the acquisition of Kings Dominion and Carowinds, the former joint venture parks; the majority of the remaining increase is attributable to Broadcast Group capital expenditures. Because Canada's Wonderland was virtually completed at March 31, 1981, capital expenditures for 1982 are expected to decline significantly. The increase in intangible assets reflects the acquisition of WDAE, WDCA and Worldvision Enterprises, Inc. in 1980. The increase in television and feature films reflects: the acquisition of QM Productions in 1980 and Schick Sunn Classic Productions in 1981, and internal expansion of production activities. Film contract rights have increased primarily as a result of the WDCA acquisition. In addition, each of the Company's television stations acquires programs which it believes will increase its market share. Increased competition for quality programs has given rise to increased costs.

The Company's businesses generate funds from operations which substantially exceed net earnings. The broadcasting and theme park businesses are significant cash producers. The decline in working capital in 1981 reflects the acquisition and expansion activities of the Company and the fact that the proceeds from the common stock offering in late 1980 gave rise to an abnormally high level of working capital at March 31, 1980. The Company believes that significant opportunities exist in the cable television industry and in the expansion of its existing programming businesses and, therefore, does not foresee any significant change with respect to its policy of reinvesting the majority of its available funds in its entertainment and leisure time businesses.

Dividends

Dividends have been paid in every quarter since the Company's stock was first offered to the public on July 7, 1959. The current dividend amount is $.21 per quarter; an annual rate of $.84. During the fiscal year ended March 31, 1981, the Company paid out $7,762 or 32% of net earnings in dividends to our common stockholders. The annual dividend rate has been increased five times in the last seven years from $.30 five years ago to $.84 today. We will continue to review our dividend policy to assure that it remains consistent with the Company's capital demands and our stockholders' income expectations.

Ten Year Summary of Operations

Taft Broadcasting Company and Subsidiaries

(In thousands, except per share amounts)

Year Ended March 31,	1981	1980	1979	1978
Net revenues:				
Broadcast Group	$112,190	$102,265	$ 82,394	$ 68,351
Amusement Park Group	44,228	44,520	38,799	34,799
Entertainment Group	82,132	87,525	42,774	32,911
Other	1,375	1,636	3,101	2,206
Total net revenues	$239,925	$235,946	$167,068	$138,267
Operating profit:				
Broadcast Group	42,352	44,619	39,109	30,840
Amusement Park Group	9,813	11,185	9,895	9,974
Entertainment Group	8,227	10,563	6,392	2,272
Other	(92)	(3)	135	(467)
Corporate expenses and equity gains (losses), unallocated	(6,644)	(6,873)	(5,952)	(4,948)
Operating profit	53,656	59,491	49,579	37,671
Other income (deductions), net:				
Interest expense	(7,168)	(7,433)	(4,761)	(3,548)
Interest income	2,582	2,503	1,985	1,986
Other	389	554	176	(1,938)
Earnings from continuing operations before income taxes	49,459	55,115	46,979	34,171
Income taxes	(21,100)	(23,400)	(21,098)	(14,279)
Earnings from continuing operations before extraordinary item	28,359	31,715	25,881	19,892
Loss from discontinued operation and extraordinary gain, net of related income tax effect	(4,109)	—	—	—
Net earnings	$ 24,250	$ 31,715	$ 25,881	$ 19,892
Share information:				
Earnings per common and common equivalent share from continuing operations before extraordinary item	$ 2.90	$ 3.58	$ 3.06	$ 2.41
Net earnings per common and common equivalent share	$ 2.48	$ 3.58	$ 3.06	$ 2.41
Average number of common and common equivalent shares (in thousands)	9,793	8,913	8,513	8,291
Dividends declared—common stock	$ 7,762	$ 6,119	$ 5,198	$ 4,035
Dividends declared per common share	$ .82	$ .73	$ .64	$ .50
Dividend payout	33%	20%	21%	21%
Dividend yield at year end	3.1%	2.8%	3.0%	2.8%
Book value per common share at year end	$ 25.17	$ 23.37	$ 19.78	$ 17.03
Market price:				
High	$ 34.00	$ 35.25	$ 25.25	$ 18.13
Low	$ 24.25	$ 20.00	$ 17.44	$ 12.06
Price earnings ratio at year end	11.0	7.5	6.9	7.5
Operating Statistics:				
Operating profit as a % of net revenues	22.4%	25.2%	29.7%	27.2%
Earnings from continuing operations as a % of:				
Net revenues	11.8%	13.4%	15.5%	14.4%
Average assets	5.5%	8.0%	9.1%	8.5%
Average common stockholders' equity	12.2%	17.1%	17.3%	15.3%
Effective tax rate	42.7%	42.5%	44.9%	41.8%

1977	1976	1975	1974	1973	1972	Compound Annual Growth Rates for Selected Data *Ten Year* 1972-1981	*Five Year* 1977-1981
$ 59,790	$ 48,124	$ 42,487	$ 39,469	$ 38,068	$ 32,798	13.4%	18.5%
31,540	28,528	28,035	22,346	17,349	5,700	23.0%	9.2%
17,186	16,481	19,226	17,537	15,058	14,630	22.5%	37.9%
560	83	89	58	50	293	11.3%	75.3%
$109,076	$ 93,216	$ 89,837	$ 79,410	$ 70,525	$ 53,421	17.3%	20.8%
26,065	19,055	16,743	16,003	16,246	13,022	12.9%	17.3%
8,694	7,049	7,247	5,660	4,613	1,881	21.8%	6.8%
743	1,906	1,827	1,328	1,750	1,384	18.1%	34.0%
(398)	(139)	(27)	(38)	(521)	47	(9.5%)	7.9%
(4,047)	(3,461)	(3,369)	(2,879)	(2,357)	(1,629)	16.1%	13.9%
31,057	24,410	22,421	20,074	19,731	14,705	14.4%	17.1%
(3,469)	(2,909)	(2,187)	(2,200)	(2,217)	(1,073)	18.1%	19.8%
848	587	877	1,080	672	170	31.0%	34.5%
138	180	726	1,515	110	(209)	6.9%	16.7%
28,574	22,268	21,837	20,469	18,296	13,593	14.3%	17.3%
(13,059)	(10,750)	(10,183)	(9,212)	(7,964)	(6,108)	12.7%	14.4%
15,515	11,518	11,654	11,257	10,332	7,485	15.6%	19.8%
—	—	—	—	1,086	—	—	—
$ 15,515	$ 11,518	$ 11,654	$ 11,257	$ 11,418	$ 7,485	13.8%	16.1%
$ 1.89	$ 1.42	$ 1.45	$ 1.38	$ 1.27	$ .97	12.4%	15.4%
$ 1.89	$ 1.42	$ 1.45	$ 1.38	$ 1.40	$ .97	10.7%	11.8%
8,213	8,092	8,023	8,211	8,294	7,690		
$ 3,226	$ 3,215	$ 2,408	$ 2,442	$ 2,394	$ 2,225		
$ .40	$ .40	$ .30	$ .30	$ .30	$ .30		
21%	28%	21%	22%	21%	31%		
2.8%	3.1%	2.7%	3.4%	1.5%	1.1%		
$ 15.08	$ 13.56	$ 12.54	$ 11.39	$ 10.40	$ 8.15		
$ 16.94	$ 14.25	$ 12.00	$ 20.88	$ 29.63	$ 28.63		
$ 12.63	$ 8.50	$ 5.38	$ 7.00	$ 19.25	$ 16.63		
7.7	9.0	7.7	6.4	14.7	28.5		
28.5%	26.2%	25.0%	25.3%	28.0%	27.5%		
14.2%	12.4%	13.0%	14.2%	14.6%	14.0%		
7.8%	6.3%	6.8%	7.1%	7.5%	6.8%		
13.4%	11.0%	12.0%	12.7%	13.8%	13.0%		
45.7%	48.3%	46.6%	45.0%	43.5%	44.9%		

Ten Year Review of Financial Position

Taft Broadcasting Company and Subsidiaries

(In thousands)

Year Ended March 31,	1981	1980	1979
Selected Balance Sheet Accounts:			
Property and equipment, net	$259,640	$144,625	$ 90,569
Contracts, broadcasting licenses and goodwill, net	61,076	61,977	37,104
Television and feature films	78,461	63,898	52,891
Film contract rights	52,329	41,767	22,446
Total assets	579,124	456,749	315,477
Film contracts payable	40,792	34,461	15,643
Long-term debt, less current portion	135,128	106,921	65,537
Preferred stock	25,200	5,200	—
Common stockholders' equity	238,799	220,329	161,365
Liquidity and Debt information:			
Working capital	$ 16,423	$ 46,322	$ 16,746
Current ratio	1.1 to 1	1.7 to 1	1.3 to 1
Long-term debt to total capitalization	.34 to 1	.33 to 1	.30 to 1
Principal sources and uses of working capital:			
Sources:			
Funds provided from continuing operations	$ 46,078	$ 47,501	$ 37,397
Proceeds from public offerings	—	22,599	—
Issuance of long-term debt	30,579	22,444	24,136
Sale of operating assets	—	—	—
Acquisition transactions:			
Stock issued	20,000	12,950	—
Long-term obligations issued or assumed	—	35,174	—
Uses:			
Dividends	$ 8,100	$ 6,288	$ 5,198
Acquisitions	65,645	48,751	7,596
Additions to property and equipment	70,034	62,078	23,407
Investments in partnerships and joint ventures	7,066	2,624	4,237
Increase in film contract rights (non-current)	10,045	1,833	2,631
Increase in television and feature films (non-current)	4,187	2,797	9,277
Reduction in long-term debt	2,778	5,560	3,328

1978	1977	1976	1975	1974	1973	1972
$ 69,236	$ 65,108	$ 64,004	$ 62,868	$ 57,531	$ 52,245	$ 45,728
35,367	36,294	36,293	36,374	34,544	35,796	36,023
40,668	29,095	22,579	24,612	24,473	17,814	12,767
18,108	15,497	12,977	13,077	14,436	14,333	8,767
252,907	207,572	184,405	178,603	162,748	153,636	121,036
11,766	8,744	7,101	7,916	10,215	11,137	6,125
44,730	33,783	37,765	35,575	27,460	29,799	30,980
—	—	—	—	—	—	—
137,632	121,533	109,307	100,653	91,434	85,199	60,343
$ 20,035	$ 19,384	$ 11,274	$ 3,509	$ 6,262	$ 10,231	$ 173
1.4 to 1	1.6 to 1	1.5 to 1	1.1 to 1	1.2 to 1	1.4 to 1	1.0 to 1
.26 to 1	.24 to 1	.28 to 1	.27 to 1	.25 to 1	.27 to 1	.37 to 1
$ 34,161	$ 25,868	$ 20,527	$ 19,881	$ 19,976	$ 18,021	$ 13,327
—	—	—	—	—	12,898	—
15,000	—	6,141	10,415	—	1,487	12,645
—	—	—	661	3,900	2,050	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
$ 4,035	$ 3,226	$ 3,215	$ 2,408	$ 2,442	$ 2,394	$ 2,225
—	—	—	4,183	—	—	—
11,782	7,914	7,519	9,212	11,093	11,861	18,849
24,163	—	4,308	13,630	3,967	3,212	—
1,697	1,923	—	1,627	2,008	8,917	—
3,973	2,735	186	772	2,759	2,524	—
4,053	4,032	3,951	2,300	2,397	2,527	3,286

Board of Directors and Officers

Board of Directors

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David S. Ingalls
Vice Chairman of the Board
Attorney, Cleveland, Ohio

Dudley S. Taft
President

Samuel T. Johnston
Senior Vice President

Neil A. Armstrong
Chairman, Cardwell International Ltd., a supplier of petroleum production equipment, El Dorado, Kansas

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Charles D. Lindberg
Partner, Taft, Stettinius & Hollister, Attorneys at Law, Cincinnati, Ohio

Jess S. Morgan
President, Jess S. Morgan & Company, Inc., business and financial advisors in the entertainment industry, Los Angeles, California

William S. Rowe
Chairman of the Board and Director Fifth Third Bancorp and Chairman, The Fifth Third Bank, Cincinnati, Ohio

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Communications Consultant and Corporate Director, Washington, D.C.

Charles P. Taft
Director Emeritus, Attorney, Former Cincinnati Mayor and City Councilman

Corporate Officers

Charles S. Mechem, Jr.
Chairman of the Board and Chief Executive Officer

David S. Ingalls
Vice Chairman of the Board

Dudley S. Taft
President and Chief Operating Officer

George E. Castrucci
Executive Vice President, Finance and Corporate Staff

Ro D. Grignon
Executive Vice President, Television

Nelson Schwab, III
Executive Vice President, Amusement Park Group

Carlyle J. Wagner
Executive Vice President, Radio

Samuel T. Johnston
Senior Vice President

John D. Chapman
Vice President, Marketing and New Product Development

Benjamin Diesbach
Vice President, Planning and Corporate Development

John T. Lawrence, Jr.
Vice President, Investments Management and Community Affairs

Charles D. Lindberg
Secretary

Verna M. Meyer
Treasurer and Assistant Secretary

Gregory C. Thomas
Vice President and Controller

S. Donald Urban
Vice President, Administration and Personnel

Broadcast Group Officers & Management

Ro D. Grignon
Executive Vice President, Television

Carlyle J. Wagner
Executive Vice President, Radio

Donald L. Chapin
Vice President, Sales

Terrence J. Connelly
Vice President, Television News

Edward E. Herbert
Vice President, Television Operations

Mark O. Hubbard
Vice President, Radio Research

Jerome L. Kersting
Vice President, Business Affairs

Edward O. Kopriver
Assistant Vice President, Engineering

John R. Owen
Vice President, Television Engineering

Ted Ruscitti
Vice President, Radio Engineering

Lucille S. Salhany
Vice President, Television and Cable Programming

Earl Beall
Vice President, General Manager WDAF-TV, Kansas City, Missouri

L.D. Bolton, II
Vice President, General Manager WKRC-TV, Cincinnati, Ohio

Paul I. Dinovitz
General Manager
WGR-TV, Buffalo, New York

John C. Rose
General Manager
WDCA-TV, Washington, D.C.

Randall E. Smith
General Manager
WTAF-TV, Philadelphia, Pennsylvania

Richard S. Stephen
General Manager
WBRC-TV, Birmingham, Alabama

Frederick H. von Stade
Vice President, General Manager
WTVN-TV, Columbus, Ohio

Harold R. Calvin
Vice President, General Manager
WKRC-AM, Cincinnati, Ohio

David H. Crowl
General Manager
WLVQ-FM, Columbus, Ohio

Robert W. Dickey
Vice President, General Manager
KQV-AM, WDVE-FM, Pittsburgh, Pennsylvania

James M. DiFiglia
General Manager
WGRQ-FM, Buffalo, New York

Perry A. Frey
General Manager
WTVN-AM, Columbus, Ohio

Robert A. Garrett
General Manager
KYYS-FM, Kansas City, Missouri

William W. Irwin
Vice President, General Manager
WGR-AM, Buffalo, New York

J. David Martin
General Manager
WDAF-AM, Kansas City, Missouri

David E. Milner
General Manager
WYNF-FM, Tampa/St. Petersburg, Florida

James B. Pidcock
Vice President, General Manager
WDAE-AM, Tampa/St. Petersburg, Florida

John C. Soller
General Manager
WKRQ-FM, Cincinnati, Ohio

Amusement Park Group Officers & Management

Nelson Schwab, III
Executive Vice President Amusement Park Group

Ronald W. Miller
Vice President, Marketing

Raymond S. Rajewski
Vice President, Finance

Dennis L. Speigel
Vice President, Operations

Penny Friedman
Director of Property Development

Donald G. McMullen
Director of Research

Michael L. Bartlett
Vice President, General Manager Canada's Wonderland Toronto, Canada

F. R. Bush
Vice President, General Manager Kings Island, Cincinnati, Ohio

T. Lewis Hooper
Vice President, General Manager Kings Dominion, Richmond, Virginia

Edward J. McHale
Vice President, General Manager Old Coney, Cincinnati, Ohio

Dean Nahrup
General Manager, Carowinds Charlotte, North Carolina

Jack T. Rouse
Vice President, Kings Productions Cincinnati, Ohio

Richard F. Smith
General Manager Hanna-Barbera's Marineland Los Angeles, California

Entertainment Group Officers & Management

The Taft Entertainment Company

Sy Fischer
President

Martyn S. Weinberg
Vice President, Finance

Cine Guarantors

Patricia Roedig
Vice President, Production and Administration

Cinemobile Systems, Inc.

Michael Plotkin
Vice President, General Manager

Hanna-Barbera Productions, Inc.

Joseph R. Barbera
President

William D. Hanna
Senior Vice President

Jayne Barbera
Vice President, Business Affairs

Margaret Loesch
Vice President, Children's Programs and Specials

John E. Michaeli
Vice President, Communications

William A. Scott
Vice President, Special Projects

Ross M. Sutherland
Vice President, Personnel and Labor Relations

Iwao Takamoto
Vice President, Creative Design

QM Productions, Inc.

Merrill H. Karpf
President, Chief Executive Officer

Elliot Friedgen
Vice President, Corporate Affairs

Jerry Golod
Vice President, Programs

Matthew N. Herman
Vice President, Worldwide Production

Sybil Trubin
Vice President, Business Affairs

Ruby-Spears Enterprises, Inc.

Joseph Ruby
Chairman

Kenneth Spears
President

The Sy Fischer Company, Inc.

Sy Fischer
President

Alvin Ferleger
Vice President

Taft International Pictures, Inc.

Max E. Youngstein
Chairman

Charles E. Sellier, Jr.
President

Raylan Jensen
President, Distribution

Allan C. Pedersen
Senior Vice President

Maurice E. Segal
Senior Vice President

Taft Merchandising Group

Donald E. Stapleton
Vice President, General Manager

Worldvision Enterprises, Inc.

Kevin O'Sullivan
President and Chief Executive Officer

Neil M. Delman
Executive Vice President and Secretary

Colin Campbell
Executive Vice President, International

Hal Golden
Senior Vice President, Domestic Sales

Howard M. Lloyd
Senior Vice President, Western Division

Lawrence Gottlieb
Senior Vice President, Finance

Albert G. Hartigan
Senior Vice President, Special Projects

Corporate Information

Transfer Agent and Registrar
The First National Bank of Cincinnati
First National Bank Center
Cincinnati, Ohio 45202

General Counsel
Taft, Stettinius & Hollister
First National Bank Center
Cincinnati, Ohio 45202

Auditors
Peat, Marwick, Mitchell & Co.
580 Walnut Street
Cincinnati, Ohio 45202

Stock Exchange Listing
Taft's common stock is listed on the New York Stock Exchange under the symbol TFB.

Form 10-K
A copy of Taft's 1981 Form 10-K report, filed with the Securities and Exchange Commission, is available to stockholders without charge upon request to:
Taft Broadcasting Company
Investor Relations Department
1718 Young Street
Cincinnati, Ohio 45210
(513) 721-1414

Annual Meeting of Stockholders
The annual meeting of stockholders will be held at Kings Island, Kings Island, Ohio, on Tuesday, July 28, 1981, at 11:00 a.m. (EDT).

TAFT
Broadcasting Company

1718 Young Street   Cincinnati, Ohio 45210